



**MBDA Annual Performance Report
Fiscal Year 2006
October 1, 2005 – September 30, 2006**



*“MBDA’s Investment in Minority Business is strengthening the Nation’s Economy
and enhancing America’s Innovation and Competitiveness in the World marketplace”*

Prepared by
**The Office of Performance and Program Evaluation in cooperation with
The MBDA National Enterprise Centers and the Office of Business Development
May 2007**

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Preface

National Director's Message

I would like to thank the MBDA funded network, agency staff and the valued participation by our many public and private sector partners, each of whom contributed to another successful year of performance measurements on behalf of minority business enterprise. This has been my sixth year as National Director. I've been fortunate to have traveled many thousands of miles, meeting members of the minority business community, promoting MBE participation and competition to access financial and contract opportunities. Our performance numbers continue to remain strong. The average size contract award obtained has more than doubled in 2006. We anticipate continued growth resulting from our collective efforts.

This past year saw the implementation of the **Business to Business Linkage Forums (B2Bs)** that were developed to bring minority vendors together to partner and compete for Gulf Coast recovery contracts. There was an overwhelming response by minority businesses nationally. MBDA reallocated program funds to plan for new MBOC and MBEC projects in Louisiana, Alabama, Mississippi and Arkansas that will further stabilize support in the gulf region. We expect minority firms to make a large contribution to the Gulf States restoration.

The final Bureau of Census statistics and tables were released in the **2002 Survey of Business Owners Report**. Minority firms grew by 35% compared to just 6% for non-minority firms. MBDA analyzed and presented this information in the **State of Minority Business Report** distributed in August 2006. Another report, entitled **Minority Business Enterprises - Mastering the Supply Chain: A Perspective**, was published in cooperation with the Amos Tuck Business School at Dartmouth College and presented at the 2006 National Med Week Conference in Washington, D.C.

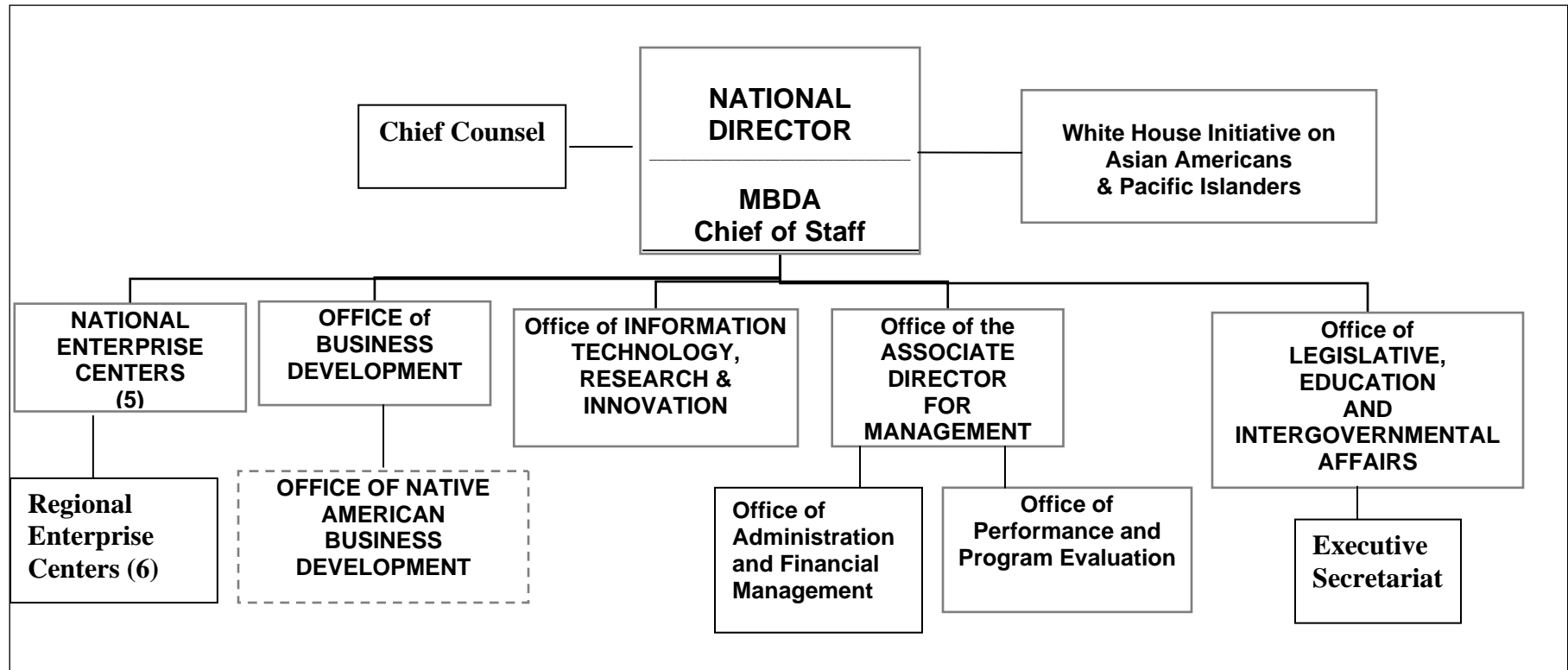
Early in FY 2006, MBDA initiated a focused effort to train the management team in the importance of synchronization, alignment and rigorous execution that will lead to "results." We worked to align our staff performance metrics with agency goals. Our objective was to ensure the successful execution of all tasks and assignments. A large measure of our continued success has been the performance by the national network of funded projects in meeting and exceeding their annual goals. **In the end, "results" do matter!**



Ronald N. Langston
National Director
Minority Business Development Agency
U.S. Department of Commerce
Washington, D.C.
(May 2007)

MBDA Organizational Chart in FY 2006-2007

Chart 1



MBDA Vision:

Perform as an entrepreneurial organization serving entrepreneurs

MBDA Mission Statement:

Enhance the national growth and expansion of minority business enterprises

This report was prepared by the Minority Business Development Agency, Office of Performance and Program Evaluation (OPPE). Edith McCloud served as the team leader with staff support from Melda Cabrera, Ivonne Cunarro, Jerry Miller and Srileka Reddy. Project narrative contributions were provided by The National Enterprise Centers.

Executive Summary

In FY 2006, MBDA initiated funding for seven new Minority Business Opportunity Centers (MBOCs) and developed a revised competitive solicitation and Federal Funding Opportunity (FFO) for the Minority Business Enterprise Center (MBEC) program. Eight Native American Business Enterprise Centers (NABEC) continue to be funded. Included in the FY 2006 funding were Business Enterprise Centers planned for New Orleans, Alabama and Mississippi Statewide to support the Gulf Coast Recovery. These projects will offer a wide range of services for minority business enterprises and support the reconstruction efforts. The design of the new MBEC solicitation; advertisement; paneling and award packaging were critical activities completed by the Office of Business Development and NEC staff this year.

The Agency demonstrated its entrepreneurial capability by effectively redirecting its focus to communities requiring immediate assistance. MBDA targeted its strategic goals and performance measures to ensure the most effective allocation of resources to obtain performance results. Special activities such as the **Business-to-Business (B2B) Linkage Forums** were implemented to encourage MBE joint ventures and partnerships to compete for larger procurement opportunities in critical areas. The 2006 MBDA Annual Conference was held in New Orleans and attracted 250 service providers and business development staff to focus on support for the Gulf Coast. The National MED Week Conference focused on **Mastering the Supply Chain** and included a Construction Opportunity B2B forum. These are good examples of an effective federal program in action to support its clientele.

MBDA accomplished six of seven national performance measures. Efforts to increase procurement (138%), especially in the Gulf Coast, overshadowed efforts to increase financial transactions (92%). **The Agency's Return on Investment (ROI) was \$53 for each dollar of the agency budget allocation (\$30 million).** Each NEC demonstrated a positive ROI performance.

The **Strategic Growth Initiative (SGI)** continues to make progress and show dividends. Many high growth minority firms successfully competed for large prime transaction awards and made an economic impact by the creation of new jobs (4,254) and increased wealth within the local minority community. For example, although the actual number of contract and financial awards obtained decreased **64%**, the total dollars in transactions continued to rise (**121%**). **SGI clients obtained 75% of all transaction award dollars obtained in FY 2006.** Each MBE firm and award transaction was carefully tracked and verified by business development staff through electronic and automated performance monitoring systems.

Significant observations indicate that the private sector is credited with providing the majority of contract dollars (45%) and the majority of financial award dollars (68%) during the year. MBDA recognized the importance of market-driven solutions in the private sector that contributed a positive result and lessened the dependence on the federal government. MBDA identified resources that became available to access new procurement and financial opportunities. Strategic partnerships have led to many successful opportunities, providing value-added resources in support of local project services. The Amos Tuck School of Business at Dartmouth College has trained over 400 business consultants and staff to-date, and provided an implementation curriculum to meet the challenge of a rapidly growing minority population with strategies to better serve our clientele.

Major alliances have been established with federal agencies such as SBA, the Army Corps of Engineers, FEMA, Homeland Security, NASA, and HUD; with State Governments such as Louisiana, Mississippi and Alabama; with private organizations such as the Kauffman Foundation, Microsoft, the Tuck School at Dartmouth; Lockheed Martin; and finally with National Chambers of Commerce to include the U.S. Hispanic Chamber, the National Black Chamber, the National Urban League, the U.S. Pan Asian Chamber, and the Gulf Urban Entrepreneurial Partnership.

Organizational Assessment for FY 2006

At the beginning of FY 2006, the Federal Government operated under a Continuing Budget Resolution that delayed the start of several initiatives. The primary focus for the year would be the Gulf Coast Recovery and Mastering the Supply Chain. MBDA reallocated its limited resources to support the Department and the efforts of FEMA and the Federal Government. This would include funding new projects and the opening an area-wide office in New Orleans to support these efforts. MBDA held its National Conference in New Orleans to train service providers on reconstruction activities and rapid response to these opportunities. Due to budget shortfalls, MBDA funded just 41 projects in FY 2006; the lowest number in history. However, MBDA would still meet and exceed its metrics for the year.

Unfortunately, response to new MBOC grant solicitations attracted some unqualified candidates with poor applications. Strict internal reviews by staff required a second advertisement. Therefore, the new MBOC program would have a delayed start in April 2006.

The Agency Human Resource Division (HRD) implemented a new Performance Plan System designed to align all performance metrics with agency goals and objectives. This effort resulted in a significant increase in direct client services provided by staff and related contractual and financial awards. HRD executed a Skills Gap Analysis Survey for Mission Critical Occupations in the agency using a competency analysis model. A Learning Path on the DOC Learning Management System was also created for those individuals requiring skills enhancement and a security refresher.

MBDA established a Knowledge Management unit within the Office of Business Development (OBD) to coordinate overall knowledge management of minority business empirical data; facilitate the sharing of business information and to conduct further research. Following the release of final updates to the **2002 Survey of Business Owners (SBO)** by the Census Bureau, MBDA prepared a special report, publishing **The State of Minority Business Enterprise: an Overview of the 2002 Survey of Business Owners**. The findings from this report continue to be discussed at quarterly meetings of MBDA senior managers. These meetings would also focus on staff alignment to meet performance goals and execution of tasks for future events.

The Annual Med Week Conference was held in Washington, D.C. with a theme of Mastering the Supply Chain. A special B2B forum was held to align MBEs nationally with new construction contract opportunities. The Perini Construction Company and the Los Angeles Unified School District have agreed to partner with MBDA in 2006-2007 for new construction opportunities.

The National Director held weekly management meetings to track Performance Measures and the progress of all funded projects. Each week a different region would report on work-in-progress. Project intervention strategies were proposed and carried out by NEC staff when needed. The Office of Performance and Program Evaluation (OPPE) completed an evaluation of the MBEC/NABEC program. Sixty-five recommendations were provided for consideration and review by senior managers. Many of these recommendations were incorporated into the new MBEC solicitation and Federal Funding Opportunity which was advertised in July 2006.

In response to the Deputy Secretary of Commerce's call for administrative efficiencies and cost saving trade offs, the National Director directed OPPE to conduct a review of the Regional Enterprise Centers (RECs - District and Area offices). This review would examine the outreach operations, marketing activities and strategy objectives established by each REC and the impact made within the community in support of the MBDA mission. The findings included several options for management consideration to make a final decision.

MBDA maintained an electronic database of MBE firms interested in competing for contracts to support the Gulf recovery on the Portal. The first of several B2B forums and matchmaker conferences were held to encourage MBEs to form joint ventures and compete for larger contracts. Finally, the MBDA Strategic plan for FY2007-2010 was completed and implemented with stated priorities and metrics for the next year.

- **MBDA Programs in Operation during FY 2006**

The Minority Business Development Agency (MBDA) created and redesigned its programs to continue to address the needs of minority business enterprises. Attention was placed on assisting MBEs with high growth potential, thereby providing a greater impact on the national economy, increasing annual receipts, tax revenue and the creation of new jobs. A discussion of these programs follows:

MBEC/NABEC

MBDA funded a network of twenty-six **Minority Business Enterprise Centers (MBECs)** and eight **Native American Business Enterprise Centers (NABECs)**, located throughout the United States and Puerto Rico to provide business development services to minority-owned businesses. These centers provide one-on-one management consulting and technical assistance; marketing plans and growth strategies; assist in obtaining contract and financial awards by identifying opportunities; and supporting firms to submit bids to compete. Often the center will broker an award through facilitated matches from the Phoenix-Opportunity System or other match-making systems.

MBOC

Minority Business Opportunity Centers (MBOCs) are located in seven strategic cities across the nation. The MBOCs act as one-stop brokering organizations that will facilitate contract and financial transactions between MBE clients and public and private sector resources. The MBOC will maintain a database of minority-owned firms; and assist in negotiations with local sources of opportunity to select an MBE firm from their database. MBOCs establish partnerships with many local community organizations to encourage MBE participation.

MBDA Portal Tools

MBDA has made continuous electronic and data improvements to its Internet Portal. Several on-line business tools were improved and upgraded to provide the latest technologies and information for growing firms. For example, the Phoenix-Opportunity Bid-Matching System is an on-line tool that matches MBE vendor firms with new contracting opportunities. MBEs are matched based on their geographical location, product or service and notified by email or fax with information to compete for the opportunity. In FY 2006, over 10,000 opportunity matches were made electronically with MBEs. Funded projects and regional staff also receive notification of these matches and offer follow-up assistance if needed to compete.

The electronic **Business Plan Writer** attracted over 4,000 MBE companies to assist in preparing business plans that can support obtaining financial packages to start or expand businesses. Other tools include the **Business Locator, Resource Locator and Financial Capital Locator**. These tools allow MBEs to locate and apply for assistance on-line. Together, these systems offer a full menu of businesses services for all types of firms.

Emerging Minority Business Leaders (EMBL) and Technology Commercialization Program

EMBL strives to provide minority college students with the guidance and support necessary to prepare for future entrepreneurial and technology management careers. EMBL offers a variety of educational services, career information and business development resources for minority students looking to gain the competitive edge. EMBL represents a partnership with the Minority Business Development Agency (MBDA) and the West Virginia High Technology Consortium Foundation. The Federal Government and the private sector spend billions of dollars on research and development annually. The result of this large investment is innovation and new technologies that can be commercialized.

MBDA seeks to help match MBEs with these new technologies that have a potential for commercialization into useful products that can be manufactured and sold. MBDA has helped minority firms introduce new technologies to the Federal government for participation in the Small Business Innovation Research program. Through this program, MBEs compete to receive grant money to enhance their technology to contribute to future commercialization and innovation.

Business-to-Business (B2B) Linkage Forums, Investment and Matchmaker Conferences

In FY 2006, MBDA held its first Business-to-Business Forum in New Orleans to encourage MBE firms to form joint ventures and alliances with other companies to successfully qualify and compete for many large contract awards being offered as a result of the Katrina Gulf disaster. MBDA recruited MBEs from throughout the country for teaming and potential partnership arrangements. The linkage forums revolve around capacity-building to qualify for multi-million dollar contracts. These forums introduce MBE teams with local contracting officials to learn more about specific contracting opportunities and to receive mentoring assistance. Other forums were held in Washington, D.C., Mississippi and Alabama. MBDA participated in the Department of Commerce (DOC) Secretarial Domestic Investment Mission in the Gulf and co-sponsored several matchmaker conferences to attract MBEs for new opportunities. The DOC Investment mission was specifically tailored to highlight business opportunities with various tax and financial incentives available for direct investments in the Gulf Recovery with particular attention to the New Orleans metropolitan area.

Capital Access

MBDA, through its nationwide network of Minority and Native American Business Enterprise Centers, provided consulting and referral services directly to minority business enterprises to obtain business loans, lines of credit, trade credits, equity investments, grants and bonding. MBDA worked closely with both public and private capital providers (financial institutions, venture capitalists, alternative lenders, government programs, and surety companies) to support the growth and expansion of minority business enterprises. Access to Capital and Financial resources remains the most important need for minority business.

Asian American Pacific Islanders Initiative and Native American Entrepreneurship & Trade Office

The Asian American Pacific Islanders Initiative (AAPI) was established under an Executive Order to provide information and technical assistance to all minorities as well as Asian Americans. Conferences have been held nationally to address business issues, housing, health and community resources available for access from public and private organizations.

The White House Initiative for Native American Entrepreneurship and Trade works with Tribal entities to identify business opportunities and resources. This office has created several strategic partnerships focusing on issues such as Energy and Tourism opportunities. These two initiatives have been fully incorporated into the MBDA family and have brought recognition, business alliances and services to their respective constituents. The Agency staff and funded network fully supports these efforts.

Research and Knowledge Management

The Knowledge Management unit conducts on-going research studies such as the **State of Minority Business Enterprise (August 2006)** and **Mastering the Supply Chain (September 2006)**; addresses trends impacting MBEs; identifies new technology and innovation; promotes strategies for improving performance; and documents best practices and management challenges to support minority business growth. MBDA conducts its studies with university academics and its training in collaboration with the Tuck School of Business at Dartmouth College. Through Knowledge Management, MBEs can share research and best practices with other minority entrepreneurs and business development professionals to support firm growth and expansion. MBDA continues to post new information on the Internet Portal and shares research with other government agencies and partners. This will expand minority business knowledge; support competitiveness and to provide information that can shape future programs. Please see the Appendix (pages 53-55) on the **State of Minority Business Enterprises**.

MBDA National and Agency Goals

MBDA has been assigned a National Goal by the Office of Management and Budget (OMB) and the Department of Commerce (DOC), namely: **to increase access to the marketplace and financings for minority-owned businesses**. This supports DOC Goal #1 as stated: **to provide the information and tools to maximize U.S. competitiveness and enable economic growth for American industries, workers and consumers**.

For the past 38 years, the United States has seen minority business enterprise grow from 300,000 to over 4,100,000. Likewise, **minority population has increased at a more rapid rate going from 6% of the domestic population to 35%**. MBDA has done exceptionally well with limited resources in promotion and services for MBEs. By focusing assistance on larger, high-growth firms (SGI), the Agency continued to accomplish its performance measures and increase the size of contract and financial awards. Thereby, this increased annual gross receipts and the creation of new jobs in the minority community. MBDA relied heavily on new partnerships and the added resources they can provide, especially in offering services to start-ups and smaller firms that are dependent on agency referrals. The services offered by the Internet Portal attract many small MBEs in areas with limited resources.

- **Internal Agency Goals**

MBDA continued to promote four primary goals and perform many activities in support of these objectives.

Goal 1. Improve organizational efficiency, effectiveness and responsiveness

MBDA held senior management meetings each quarter to maintain focus on execution and performance. Customer Relations Management, accuracy of information and quality of work products underlines each task. Regional staff is encouraged to take intervention actions in support of poor performing projects. The Internet Portal has a new look and feel, making it easier for the public to access assistance tools. Training remains an on-going requirement for staff and consultants. Eighty-three percent of all funded projects attained a satisfactory evaluation or better rating for the year.

Goal 2. Improve opportunities (contracts / procurements) for minority-owned business to have access to the marketplace

As mentioned, MBDA responded to improve procurement opportunities in the Gulf Coast. The introduction of B2B Forms, Joint Ventures, Investment conferences and the SGI policy show creative actions. Regional staff will continue to identify SGI firms for referral to funded projects, disseminate opportunity forecasts and encourage MBEs to respond to Phoenix bids. The NEC staff has established partnerships to foster large procurements using MOUs and agreements to assist projects in meeting annual goals. Special activities such as Native American and Asian American mentor protégé meetings have been held.

Goal 3. Improve access to capital opportunities awarded to MBEs

Access to capital remains the number one priority for minority business. The newly funded Minority Business Enterprise Center program incorporates specific annual financial goals. MBDA staff and the centers will continue to work with traditional and non-traditional funding sources to include: partnerships with banks, venture capitalists, guaranteed lenders and bonding companies. Examples of formal partnerships include: The Surety & Fidelity Association of America and the U.S. Department of Agriculture. A new On-Line Geographic Information Service is now available in each region to provide marketing documentation and support for financial packages. The MBDA Portal and each region maintain a portfolio of capital providers that have been favorable to MBEs. MBDA is confident this strategy will continue to be successful meeting financial goals in 2007.

Goal 4. Become a Knowledge Center for MBEs in the Public and Private Sector

The Office of Business Development (OBD) supports the knowledge management unit within MBDA. This unit controls the collection of information, the development of research reports and provides content management for the MBDA Internet Portal. The unit initiates studies that will benefit MBEs. In FY 2006, the Census SBO data and the Supply Chain publications were released. These studies will support the growth of minority business and provide best practices to improve performance and education.

- **Agency Management Challenges**

Like many small and medium size business firms, the challenges facing the Agency are many, but are being met head-on in support of the **President's Management Agenda**. This will ensure accomplishment of National Performance Measures and sustain productivity. Making critical program decisions and maintaining accountability by managers and staff is being addressed. A revised MBOC program was introduced and implemented in April 2006. This new program will be critically reviewed for its effectiveness by senior management. A new MBEC solicitation was developed for award funding in 2007. To address the changing geographical growth of minority population and MBEs, several new locations will now be serviced by MBECs. The attempt to fund a new Native American program met with delays in 2006. The Agency is now considering funding Native American Tribal Hubs in 2008.

Program, Grants, and Project management processes are scheduled to be reengineered in 2007. MBDA continues to emphasize the validation and verification for all performance outcomes, especially award transactions dollars obtained for clients and new jobs created. MBDA and its funded programs will undergo a **Program Assessment Rating Tool (PART) review** by the Office of Management and Budget this year, based on FY 2006 performance. MBDA must demonstrate its program effectiveness and management accountability with documented evidence to receive a successful rating.

In FY 2006, following the Katrina Disaster, MBDA was asked to focus on contract opportunities for MBEs in the Gulf Coast area. MBDA will continue this work and ensure that new Gulf projects in Louisiana, Alabama and Mississippi are successful. MBDA met its goals in contracting last year. However, this resulted in trade-offs in seeking new financial transactions. **Financial award dollars decreased by 8%.** Strategies to restore financial transactions are underway.

Customer Relations Management remains a point of emphasis for the agency. A National Survey of clients and regional services will again be conducted in 2007 by the Federal Consulting Group and the University of Michigan in response to the American Customer Satisfaction Index. This survey has demonstrated the increased confidence in our programs and the assistance provided by our funded network. MBDA project monitors continue to complete quarterly assessments with project clients to review the quality and responsiveness of services. This becomes part of the qualitative evaluation made for each project on a semi-annual basis.

New strategies need to be identified to attract more SGI clients. Also, staff turnover at project centers, especially the loss of the project director, often occurs. This creates a production turndown. This remains a challenge for grant operators as well as MBDA to prevent a loss of competency. **Over thirty-five percent of MBDA's staff is now eligible for retirement.** Replacing experienced staff and providing training for the best professional candidates is on the radar.

Meeting agency efficiency measures will require increased advocacy, training and marketing of agency programs. The MBDA Information Technology staff will continue to improve electronic tools and maintain on-line performance systems. The NECs will continue to establish new partnerships and administer **Business to Business Forums and matchmaking conferences**. Finally, MBDA will be preparing a research report and information to respond to the Department of Commerce initiative for **Innovation and Competitiveness**.

Recommendations for Sharing Best Practices

Identifying and sharing best practices by staff and service providers is an on-going agenda item at all agency meetings and conferences. MBE managers and funded projects have discussed actions and resources that are being used to meet agency goals and objectives. The MBDA Strategic Growth Initiative has demonstrated that the agency is on the right path in assisting the growing minority population. Award transactions continue to exceed goals and have grown in average dollar size. Best practices are not just success stories. They are proven and effective events that have shown success. By sharing them, it is expected to bring alternatives to less productive areas. Below are some recommendations and suggestions provided by the agency and project staff.

- Frequent communication and encouragement by Agency senior management can benefit the centers and staff at the local level. Request their support.
- Cost sharing services with an Empowerment Zone Program can benefit clients and the funded project where available.
- Produce DVDs of training sessions that can be exchanged with other partners and clients.
- Identify specialized software and active systems being used by other service providers that can be shared in servicing a client.
- Consider signing an agreement with a Minority Bonding organization to support clients needing surety bonding.
- Hire interns who can provide research and computer skills to support the center.
- Building a strong relationship with a client will take time but it will pay many returns in the long-run.
- Choose your partners wisely. A good construction management partner can promote MBE firms and offer continuous opportunities.
- Advertise your local project frequently, using Public Service Announcements (PSAs) on Radio and TV to make the community aware of services and attract new clients, especially SGI clients.
- **Perform on-going follow-up with Phoenix bid-matches to offer your services and referrals to encourage firms to compete. Broker these into award transactions to assist meeting your goals.**
- Use the **Business Locator** tool to find clients in your area that offer specific services and qualify as an SGI client.

MBDA National Performance Summary for FY 2006

Table 1

National Performance Measures	FY 2006 National Targets	MBEC/ NABEC Accomplishments	MBOC Accomplishments	Staff and Portal Services	FY 2006 Agency Performance Totals (% Goal)	FY 2005 Performance Totals	Percent Change From Previous Fiscal Year
* Dollar Value of Contracts	\$850 M	\$664.5 M	\$347.3 M	\$159.59 M	\$1.171 B (138%)	\$1.07 B	+ 9%
* Dollar Value of Financial Packages	\$450 M	\$257.4 M	\$86.7M	\$62.9 M	\$0.407 B (90%)	\$0.567 B	- 28%
Total Transaction Dollars	\$1.3 B	\$921.9 M	\$434 M	\$222.1 M	\$1.578 B (121%)	\$1.64 B	- 4%
Transactions Verified	100%	99%	100%	100%	100%	99%	+ 1%
Number of Clients	20,000	3,607	91	16,525	20,223 (101%)	18,500	+ 9%
* National and Regional Strategic Partnerships	200	68	5	157	230 (115%)	231	0%
* New Jobs Created	1,800	4,163	91	N/A	4,254 (236%)	2,270	+ 87%
* Increase in Client Firm Annual Gross Receipts by Calendar Year	+ 5%	+ 6.2%	N/A	N/A	+ 6.2% (124%)	+ 30%	- 81%
* MBDA Efficiency Measure Programs/ Staff /Agency Return on Investment (ROI)	\$43	\$110	\$232	\$15***	\$53** (123%)	\$55**	- 4%
Number of Contract Awards	N/A	737	154	22	913	1,951	- 53%
Number of Financial Awards	N/A	256	7	12	275	483	- 43%

N/A indicates that targets or data are not available. * Identifies MBDA National Performance Goals

**The Agency ROI is based on the MBDA budget of \$30 million for FY 2006.

***The Staff ROI is based on \$15 Million in MBDA FTE (staff) expenditures.

National Highlights

The 2006 MBDA National Performance continued to show successful results by the funded projects and agency staff. **MBDA accomplished six of seven performance measures.** Thanks to intervention strategies by Business Development Specialists, **83% of projects exceeded their goals** for the year. Contributing to this success was the leadership of senior managers and project directors; the Strategic Growth Initiative; new national and local partnerships; the Business Development Training provided by the Tuck Business seminars; Business to Business Forums, Investment and Matchmaking conferences; a new Portal design and updated tools; and most importantly, improvements in the service delivery programs.

MBDA focused on providing **assistance for the Gulf Coast Recovery** in support of the Department of Commerce efforts to identify qualified firms to compete for contract opportunities in reconstruction. Below are some national highlights to be noted:

- MBDA funded projects, agency staff, the Internet Portal tools and special programs assisted over 20,000 clients as identified below:
 1. **The MBECs and NABECs Assisted 3,607 clients with management and technical assistance (M&TA)**
 2. MBOCs brokered and facilitated 91 award transactions for client beneficiaries. MBOCs now have a direct client relationship.
 3. MBDA Staff assisted 21 clients with new award opportunities
 4. The West Virginia Emerging Minority Business Leadership Program trained over 50 students in business development applications.
 5. **The MBDA Internet Portal tools to include Phoenix-Opportunity, Resource Locator, Capital Locator and Business Plan Writer assisted 16,452 clients with on-line support.**
- **The MBDA Return on Investment was \$53 for each dollar in the Agency Federal appropriations (\$30 million).**
- MBDA business services generated \$1.17 Billion in contract awards for MBEs for an **average award of \$1.28 million**; Financial awards totaled \$407 million for an **average award of \$1.48 million.**
- MBE firms receiving M&TA showed an average increase of 6.2% in annual gross receipts.
- The Atlanta NEC had the highest ROI of \$123 for each dollar spent, while the Chicago NEC was second at \$100.
- **Two-hundred thirty national and local partnerships were identified. These included federal agencies such as SBA, DoD, NASA, Army Corps of Engineers and HUD; private organizations such as Microsoft, the Kauffman Foundation and Lockheed Martin; and Chambers of Commerce such as the Hispanic Chamber, the Black Chamber, National Urban League, the Pan Asian Chamber and the Gulf Urban Entrepreneurial Partnership.** All supported the MBDA mission and its programs.
- **African American clients received 39% of transaction awards; Hispanic Americans received 29%; Asian Americans 17%; and Native Americans received 12%.**
- **Projects reported 4,254 new jobs created;** an increase of 87% over the previous year.
- MBDA Staff verified 99% of award transactions to ensure the integrity of data being reported. Each separate measure required special validation and verification.
- **SGI clients represented 23% of the Agency client portfolio. An ethnic breakdown of SGI firms shows that 35% were Hispanic; 30% were African American; 19% were Native American; 11% were Asian; 3% were Hasidic Jew; and 2% were other minority disadvantaged.**
- MBE firms in the Construction and Services Industries received the most contract awards; the private sector provided 45% of these awards while the Federal Government generated 33% of the procurement award opportunities.

- **The private sector generated 68% of all financings for clients while Federal and Local governments contributed 31%.**
- An in-house survey of Phoenix clients not assisted directly by a BEC reported \$319,000 in contract awards. Most bid matches often require further assistance by a center or partner to be successful.
- MBDA rolled out seven MBOCs in April 2006. Two were planned to support the Gulf Coast Recovery.
- The final **State of Minority Business Enterprise Report** and the **Mastering the Supply Chain Perspective** were published by the Agency in August and September 2006. These reports have contributed to agency research and development knowledge.
- The Office of Performance and Program Evaluation completed a **Review of the Regional Enterprise Centers (District/Area offices)** to examine outreach activities; on-going operations; performance strategies; and the impact that each District office made in support of the MBDA mission within the local community.

Trends and Observations

- MBDA has exceeded transaction dollar targets for the 3rd consecutive year despite a decrease of 53% in the actual number of contract awards.
- MBDA had 3 fewer funded projects during the year than 2005. Projects that were not meeting performance goals were terminated and funds were diverted to better serve the Gulf Coast.
- The Percentage of SGI clients increased from 21% to 23%. This is a very positive sign.
- The total M&TA service hours reported increased from 42,665 to 43,885 hours.
- **The average size contract obtained increased 215% from \$548 thousand to \$1.28 million.**
- **The average size financial award obtained increased 27% from \$1.17 million to \$1.48 million.**
- Agency staff continued to make a valuable contributions to transaction dollars obtained (\$222.1 million).
- The focus on staff training continued but has become an in-house activity due to lack of training funds and new electronic systems.
- Each Region exceeded the new jobs created target. The increase in contract size resulted in more jobs.
- As mentioned earlier, financial award dollars decreased 28% from 2005 figures. The number of awards also decreased by 53%. This was due to MBDA being asked by the Department to support the Gulf Coast contracting efforts. More efforts to obtain financial assistance for Gulf Coast firms would have been more beneficial for short term financial performance.
- **Although the SGI initiative to assist larger MBE firms has been successful, finding SGI firms has been difficult. Most clients remain small or mid-sized firms. Attracting larger firms will take time to create a relationship and to demonstrate our services. MBDA has shown steady progress in serving SGI client firms as shown below:**

<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>	<u>FY 2006</u>	<u>FY 2007 Target</u>
7%	7%	18%	21%	23%	30%

**Summary of MBDA Funded Projects and Agency Staff Business Development Services in FY 2006
with Return on Investment (ROI)**

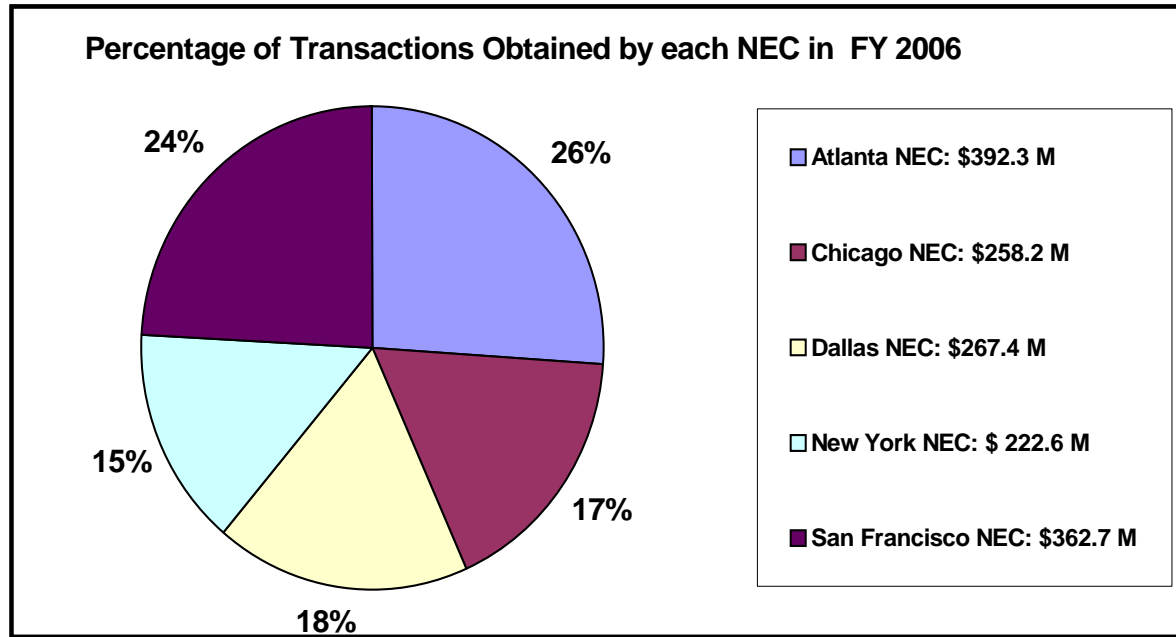
Table 2

MBDA Organizations	MBECs	NABECs	MBOCs	Total Projects Funded in FY 2006	Total NEC Staff in FY 2006	Dollars in Transactions Obtained (rounded)	Return on Investment by Each NEC and Agency
Atlanta NEC	5	1	2	8	11	\$392.3 M	\$123
Chicago NEC	3	1	3	7	11	\$258.2 M	\$100
Dallas NEC **	7	3	0	10	10	\$267.4 M	\$72
New York NEC	6	0	1	7	12	\$222.6 M	\$62
San Francisco NEC	5	3	1	9	10	\$362.7 M	\$95
Totals	26	8	7	41	54	\$1.578 * Billion	\$53* (Agency)

*Total Dollars in Transactions and the ROI include those obtained by headquarters staff.

The Agency ROI is based on the Agency Budget appropriation of \$30 million for FY 2006. Total MBDA employees reached 94 on-board in 2006. NEC staff totals include employees located in Regional Enterprise Centers (RECs). A total of 41 projects were funded during the year. This was the lowest number in projects for the last 6 years. The NEC ROIs shown are based on total project funding and regional staff salaries and expenses. The Atlanta NEC was successful in assisting firms in the Gulf Coast region, especially in Alabama and Mississippi. This contributed to the highest ROI. Although the San Francisco NEC was second in transaction dollars obtained, the expenditures for the LA/Pasadena REC were high and this lowered the overall ROI to \$95.

Chart 2



This Chart shows that each region is providing a consistent level of transaction dollars.
Atlanta and San Francisco had the largest dollar value contribution.

**Nationwide Transactions obtained by size of client firms
Reported by MBECs and NABECs in FY 2006**

Table 3

Total SGI and non-SGI clients assisted	No. of Contracts	Value of Contracts	No. of Financings	Value of Financings	Total Dollars in Transactions
SGI Clients (\$500k and Over)	456 (51%)	\$776.46 M (77%)	95 (37%)	\$237.00 M (69%)	\$1,013.46 Million (75%)
Non-SGI Clients (Under \$500k)	275 (31%)	\$152.27 M (15%)	139 (52%)	\$67.81 M (20%)	\$220.08 Million (16%)
Client Receipts Not Reported	155 (18%)	\$73.51 M (8%)	25 (10%)	\$38.82 M (11%)	\$112.33 Million (9%)
Total Identified	886	\$1,002.24 Million	259	\$343.63 Million	\$1,345.87 Million

As indicated above, Nationwide SGI clients successfully obtained 75% of awarded transaction dollars (contracts and financials).

The average size SGI contract was \$1.7 million while the average non-SGI contract award was \$553 thousand.

This supports continuation of the SGI policy introduced by the Agency in Fiscal year 2004. SGI clients obtained the largest number of contract awards, while **smaller firms had a greater demand for financial assistance**. A similar table is provided in each NEC section of this report. Several centers did not identify client annual receipts.

**Number and Percentage of Minority Firms assisted by Ethnic Category with Annual Receipts Range
Reported by MBECs, NABECs and MBOCs in FY 2006**

Table 4

Ethnic Group	\$0 (Non-SGI)	\$1 to \$299,999 (Non-SGI)	\$300,000 to \$499,999 (Non-SGI)	\$500,000 to \$999,999 (SGI)	\$1,000,000 and Greater (SGI)	Total SGI Clients (Columns 4 and 5)	Total Clients With Reported Annual Receipts (Columns 1-5)
	1	2	3	4	5	6	7
African American	1,065 (57%)	357 (43%)	74 (40%)	83 (40%)	178 (27%)	261 (30%)	1,757 (47%)
Asian American, Asian Indian, Asian Pacific Islander	122 (6%)	46 (6%)	16 (9%)	22 (11%)	70 (11%)	92 (11%)	276 (7%)
Hasidic Jew	21(1%)	15 (2%)	2 (1%)	6 (3%)	20 (4%)	26 (3%)	64 (2%)
Hispanic-Latino American, Puerto Rican	310(17%)	202 (24%)	54 (29%)	62 (30%)	240 (36%)	302 (35%)	868 (23%)
Native American, Aleuts, Eskimo	291(16%)	201 (24%)	40 (21%)	29 (14%)	133 (20%)	162 (19%)	694 (19%)
Other Minority	60(3%)	11 (1%)	1 (0%)	7 (2%)	10 (2%)	17 (2%)	89 (2%)
Totals by Gross Receipt Range	1,867(50%)	832 (22%)	187 (5%)	209 (6%)	651 (17%)	(860)	3,746

This table provides a detailed review of client firms by ethnic group and gross receipt range. Observations include:

- Over 50% of clients assisted showed \$0 in annual receipts. This is due to poor reporting by several projects.
- 23% of clients assisted were classified as SGI, which was a 2% increase over FY 2005. These numbers should increase significantly in 2007 due to stricter measures in the MBEC program and efforts to identify SGI clients by agency staff.
- In column 6, Hispanic Americans show the largest number of SGI clients assisted (35%); African Americans had 30% of SGI clients; Native American had 19%; Asians had 11%; and Hasidic Jews and other minority were 5%.

MBDA began the SGI initiative in its FY 2004 programs. Below is a look at our progress by the percentage of SGI firms assisted:

<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>	<u>FY 2006</u>	<u>FY 2007 Target</u>
7%	7%	18%	21%	23%	30%

Client Services by Ethnic Category in FY 2006

Table 5

Client Category	Clients	Hours of M&TA	No. of Contracts	Value of Contracts	No. of Financings	Value of Financing	Total value of Transactions
African American	1,762 (47%)	15,022 (34%)	327	\$460.1 M (46%)	92	\$66.2 M (19%)	\$526.3 M (39%)
Asian American, Asian Indian, Asian Pacific Islander	276 (7%)	3,753 (9%)	105	\$102.8 M (10%)	35	\$128.9 M (38%)	\$231.7 M (17%)
Hasidic Jew	64 (2%)	183 (0.5%)	61	\$4.7 M (0.5%)	4	\$27.6 M (5%)	\$32.3 M (1%)
Hispanic-Latino American, Puerto Rican	869 (23%)	11,689 (27%)	199	\$289.3 M (29%)	84	\$98.3 M (29%)	\$387.6 M (29%)
Native American, Aleuts, Eskimo	693 (18%)	12,371 (28%)	179	\$136.0 M (14%)	35	\$19.6 M (6%)	\$155.6 M (12%)
Other Minority	90 (3%)	867 (1.5%)	15	\$8.8 M (0.5%)	9	\$3.0 M (3%)	\$12.4 M (1%)
Total Identified In Performance System	3,754	43,885	886	1.002 Billion	259	\$343.6 M	\$1.346 Billion

As shown above, the majority of clients served by MBEC and NABEC projects were African Americans (47%). Likewise, African Americans received the most hours of management and technical assistance (M&TA) and the most transaction dollars (39%). Hispanic Americans received 29% of total transaction dollars and represented 23% of total clients. Asian Americans received 17% of transaction dollars and 9% of M&TA. Native Americans were well served, receiving 28% of M&TA and 12% of transaction dollars.

It should be noted that MBDA assistance corresponds to the growth and development of minority-owned businesses as shown in the **2002 Survey of Business Owners** report (see Appendix pages 55-55). The report showed a high increase in the number of new African Americans firms (45%) and also the largest increase in gross receipts (25%).

**MBE Firms Receiving Services
by Industry Classification in FY 2006
(MBECs and NABECs)**

Table 6

Services	22%
Firms with Multiple Industry Classifications	18%
Construction	15%
Manufacturing	6%
Finance, Insurance, & Real Estate, Information, Public Administration	4%
Retail Trade	4%
Wholesale Trade	3%
Transportation, Warehousing & Public Utilities	2%
Agriculture, Forestry, Fishing and Hunting	1%
Client Industry not reported by Projects	25%

This table represents client firms assisted by industry codes (NAICS and SIC) that were reported. MBEs within the **Services** industry represented 22%, a 5% drop from last year. **Construction** industry clients also decreased from 17% to 15%. There appears to be an increasing number of firms with multiple classifications (18%) or unidentifiable industries not reported (25%).

**MBE Firms obtaining Contract Awards by Industry Classification
Reported by MBECs and NABECs in FY 2006**

Table 7

MBE Firms by Industry	Number of Awards	Value Contracts
Construction Firms	270	\$258.9 M (25%)
Firms with Multiple Industry Classifications	179	\$258.9 M (25%)
Services Firms	151	\$253.6 M (24%)
Wholesale Trade	25	\$79.5 M (7%)
Manufacturing Firms	112	\$72.7 M (7%)
Finance, Information, Insurance, Public Administration	40	\$50.0 M (6%)
Client Industry Not Identified by Projects	47	\$13.8 M (3%)
Transportation, Warehousing & Public Utilities	54	\$10.5 M (2%)
Retail Trade	7	\$0.3 M (1%)

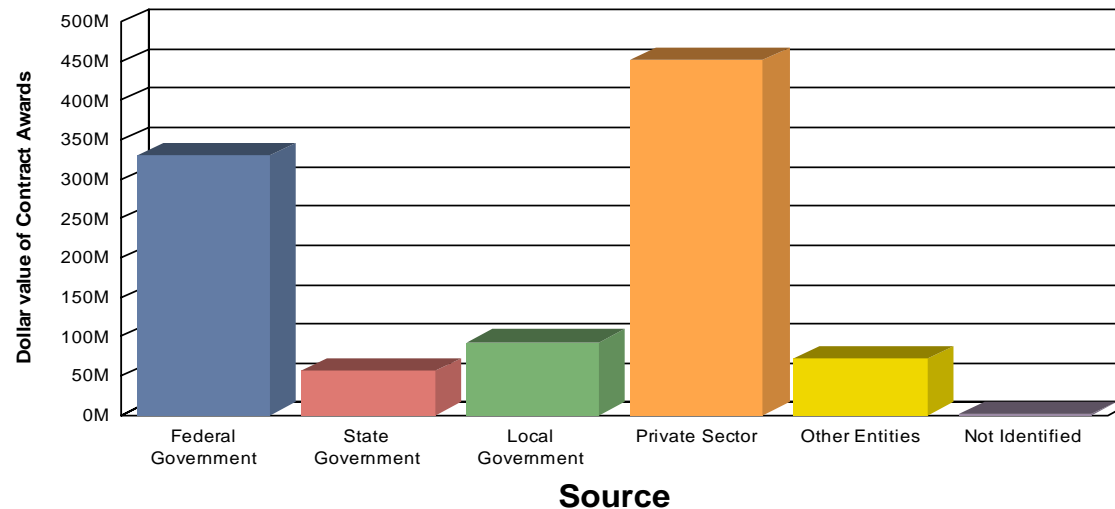
Most facilitated contracts obtained go to clients in Construction and Services (49% combined). Contracts to Construction firms averaged \$959 thousand, while contracts to Service firms averaged \$1.68 million. Again, firms with multiple industry classifications obtained 25% of awards that averaged \$1.45 million. Manufacturing, Wholesale Trade and the Transportation combined showed a 6% increase from last year.

**Contract Awards obtained from Award Sources
Reported by MBECs and NABECs in FY 2006
Table 8**

Source of Contract Awards	Number of Actual Contracts in FY 2006	Number of Actual Contracts in FY 2005	Dollar Value of Contracts in FY 2006	Dollar Value Of Contracts In FY 2005	Average Dollar Value In FY 2006	Average Dollar Value In FY 2005
Federal Government	186 (21.0%)	303 (15.8%)	\$ 329.4 M (32.9%)	\$ 340.6 M (33.2%)	\$ 1.8 Million	\$ 1.1 Million
State Government	59 (6.7%)	156 (8.2%)	\$ 56.2 M (5.6%)	\$ 85.7 M (8.4%)	\$ 1.0 Million	\$ 0.5 Million
Local Government	192 (21.7%)	498 (26.0%)	\$ 93.2 M (9.3%)	\$ 193.4 M (18.9%)	\$ 0.5 Million	\$ 0.4 Million
Private Sector	366 (41.3%)	553 (28.9%)	\$ 450.9 M (45.0%)	\$ 260.6 M (25.4%)	\$ 1.2 Million	\$ 0.5 Million
Other Entities	58 (6.5%)	97 (5.1%)	\$ 71.4 M (7.1%)	\$ 45.7 M (4.5%)	\$ 1.2 Million	\$ 0.5 Million
Not Identified	25 (2.8%)	305 (16.0%)	\$ 1.1 M (0.1%)	\$ 99.6 M (9.7%)	\$ 0.0 Million	\$ 0.3 Million
Total Contract Summary	886	1,912	\$1.0 B	\$1.025 B	\$1.131 Million	\$527,806

The actual number of contract awards decreased for all sources in FY 2006 as shown above. The Private sector decreased by 187 awards from last year, but fortunately the dollar value of contracts from the private sector increased by \$190.3 million; a 73% jump from FY 2005. The federal government decreased by 117 awards (39%) and the federal contract dollar value decreased as well by 3%. Federal, State and Local award dollars decreased a total of 29%. In general, the Public sector played a diminishing role last year. It was anticipated that Public awards to clients would show an increase. MBEs serviced by MBDA are becoming more dependent on the private sector in meeting contract award goals.

Chart 3
Source of Procurement Dollars



This picture shows how critical the private sector has become. The MBOCs primarily work with major corporations and are achieving large results. The MBECs and NABECs work more with public sector organizations, especially since they assist many 8(a) clients.

Financial Awards obtained by Source in FY 2006
Reported by MBEC and NABEC Projects
Table 9

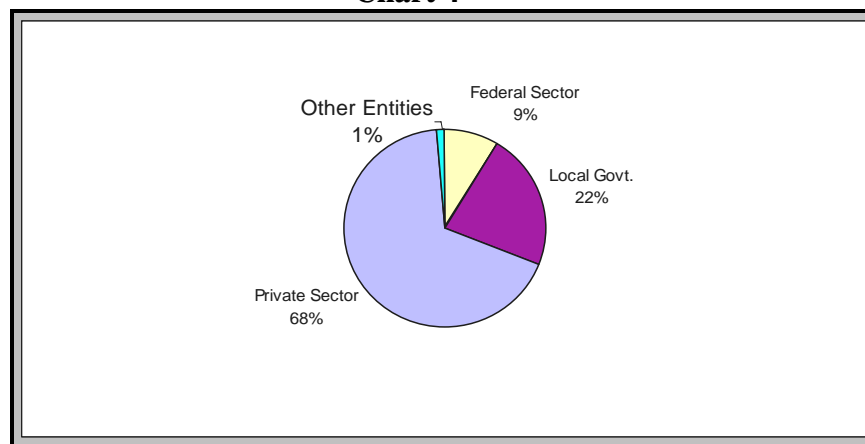
NEC	Federal Sector	State Govt.	Local Govt.	Private Sector	Other Entities	Total Award \$
Atlanta	\$ 14.1 M (4.1%)	\$ 0.0	\$ 0.3 M (0.1%)	\$ 19.5 M (5.7%)	\$ 0.0	\$33.9 M (9%)
Chicago	\$ 0.6 M (0.2%)	\$ 0.0	\$ 75.3 M (21.9%)	\$ 28.8 M (8.4%)	\$ 0.0	\$104.7 M (30%)
Dallas	\$ 13.6 M (3.9%)	\$ 0.0	\$ 0.3 M (0.1%)	\$ 32.2 M (9.4%)	\$ 0.3 M (0.1%)	\$46.4 M (14%)
New York	\$ 0.2 M (0.1%)	\$ 0.0	\$ 0.2 M (0.1%)	\$ 94.2 M (27.4%)	\$ 0.0	\$94.6 M (28%)
San Francisco	\$ 1.8 M (0.5%)	\$ 0.0	\$ 0.1 M (0.0%)	\$ 61.7 M (18.0%)	\$ 0.4 M (0.1%)	\$64.0 M (19%)
National Totals	\$ 30.3 M (9%)	\$ 0.0 (0%)	\$ 76.2 M (22%)	\$ 236.3 M (68%)	\$ 0.8 M (1%)	\$343.6 M

The financial award dollars obtained by MBECs and NABECs fell by 33% in 2006.

The most significant decrease was in the dollar value of private sector awards, down 44% from last year's report.

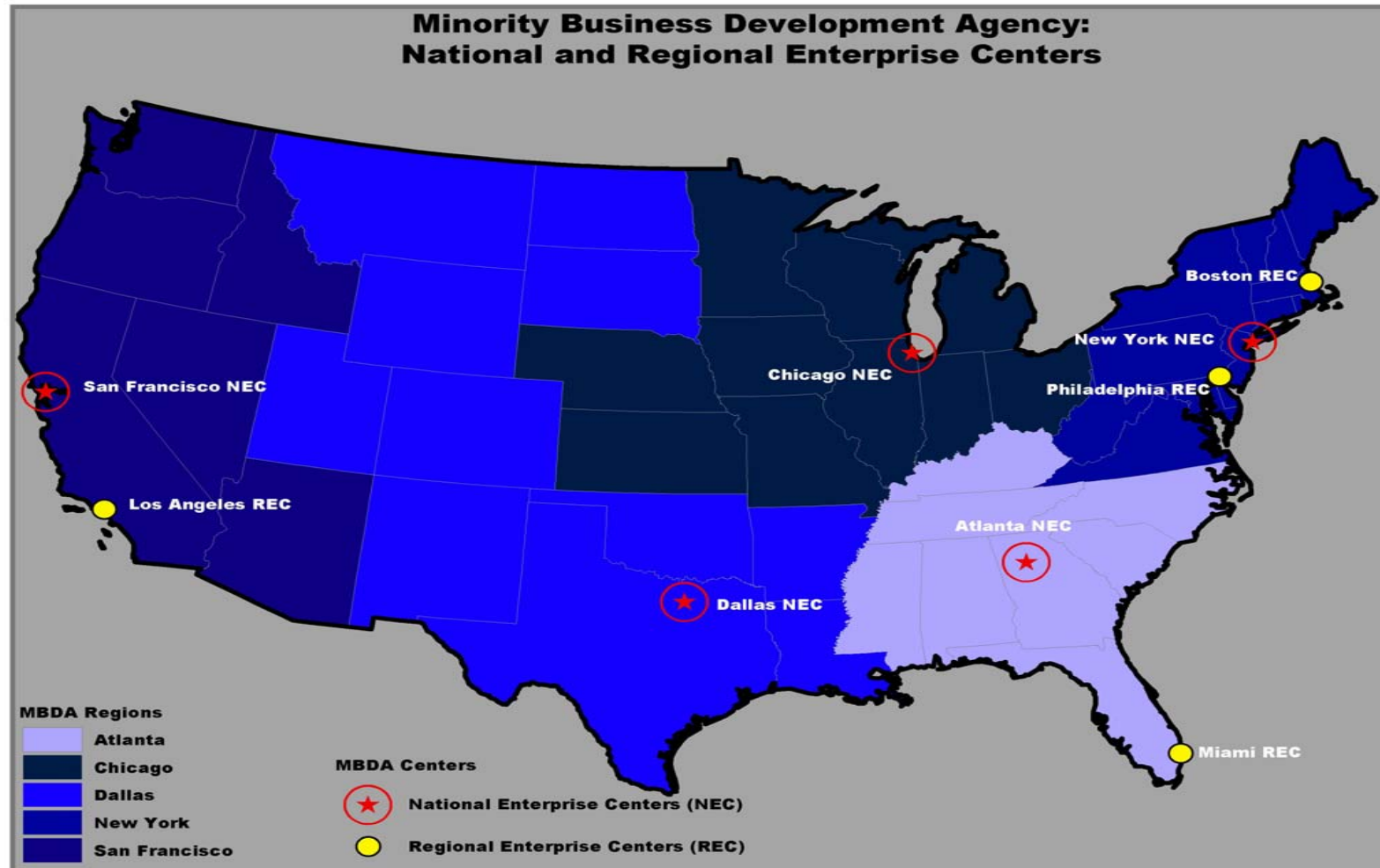
MBEs are still very dependent on commercial banks. No explanation is given for zero dollars from State Governments. Surprisingly, Federal and Local Government financial award dollars did increase over 300% in 2006 to \$106.5 million. See the chart below for 2006 source distribution.

Percentage of Financial Awards obtained by Source
Chart 4



MBDA Nationwide Network in FY 2006

Map 1



MBDA has 5 National Enterprise Centers (NECs) as identified above and 6 Regional Enterprise Centers (RECs -District /Area offices). The newest Area office in New Orleans is not shown on the map. The Agency normally funds between 45-50 projects (MBECs, NABECs, and MBOCs), however, in FY 2006, MBDA funded just 41 projects. This network represents the front lines of Agency services and implements strategic initiatives to meet objectives and performance results. The Agency staff contributes consulting and referral services; identify new resources; establish partnerships; and identify new market opportunities that can lead to transaction awards for clients.

Atlanta National Enterprise Center Performance in FY 2006
Table 10

Atlanta National Enterprise Center Performance	M BEC/ NABEC FY 2006 Targets	MBEC/ NABEC Accomplishments (% Goal)	MBOC FY 2006 Targets	MBOC Accomplishments (% Goal)	Atlanta Staff FY 2006 Targets	Staff Activity (% Goal)	FY 2006 Performance Totals (% Goal)
*Dollar Value of Contracts	N/A	\$124.5 M	N/A	\$218.6 M	N/A	\$7.8 M	\$350.9 M
*Dollar Value of Financials	N/A	\$34.4 M	N/A	\$0	N/A	\$7.0 M	\$41.4 M
*Total Transaction Dollars	\$127.7 M	\$158.9 M (124%)	\$67.5 M	\$218.6 M (323%)	\$35.8 M	\$14.8 M (41%)	\$392.3 M (167%)
Percent Transactions Verified	100%	100%	100%	100%	100%	N/A	100%
Number of Clients	876	676 (77%)	N/A	6	10	4 (40%)	686 (78%)
*Regional Strategic Partnerships	30	18 (60%)	10	4 (40%)	5	51	73 (162%)
*New jobs Created	416	1,538 (370%)	N/A	47	N/A	N/A	1,585 (381%)
*Increase in Client Annual Gross Receipts by Calendar Year	5%	- 9%	N/A	N/A	N/A	N/A	- 9%
Regional Efficiency Measure Return on Investment (ROI)	\$86	\$107 (124%)	\$211	\$683 (324%)	\$26***	\$11*** (42%)	\$123**
Number of Contracts	N/A	147	N/A	17	N/A	3	167
Number of Financials	N/A	77	N/A	0	N/A	1	78

N/A indicates that targets and data are not available.

*Indicates National Performance Goals.

**Total ROI includes NEC and project expenditures

***Staff ROI is based on NEC FTE expenditures.

**Atlanta NEC Transactions obtained by size of firms
Reported by MBECs and NABECs in FY 2006
Table 11**

Atlanta clients	No. of Contracts	Value of Contracts	No. of Financials	Value of Financials	Total Dollars in Transactions
Clients \$500k and Over	93	\$304.38 M (91%)	24	\$20.82 M (61%)	\$325.2 Million (89%)
Clients Under \$500k	54	\$12.85 M	46	\$10.39 M	\$23.24 Million
Receipts Not Reported	12	\$16.30 M	3	\$2.74 M	\$19.04 Million
Total identified	159	\$333.53 M	73	\$33.95 M	\$367.48 Million

Atlanta SGI clients contributed 89% to NEC transaction dollars. The average size SGI contract was \$3.27 million while the average non-SGI contract award was \$238 thousand.

Atlanta Funded Projects in FY 2006

Georgia Statewide MBEC 2006 ROI: \$54

The Georgia Statewide MBEC concentrated on serving clients who met the requirements of the Strategic Growth Initiative. The center was very active in obtaining information on procurement opportunities to enter into MBDA's Phoenix Opportunity database to alert clients and other MBEs. It also assisted several clients in registering into the Phoenix database to receive the alerts directly. Strategic partnerships came from the State of Georgia. The center hosted an Access to Capital Roundtable in an effort to increase financial capital for the minority business community. It was successful in engaging clients to increase sales as well as creating new jobs. The Center was fully staffed during the majority of the fiscal year, which positively impacted the services available to minority firms.

NC Cherokee/Ashville NABEC 2006 ROI: \$12

The North Carolina/Ashville Cherokee NABEC staffing patterns were not productive for the year, especially after the departure of the Executive Director. The project has historically struggled to meet performance numbers. Operator management expressed concern about reaching the SGI goals. The Cherokee NABEC shut down their Asheville office effective Dec. 31, 2006 and stated that they did not intend on pursuing any further grant relationship with MBDA in 2007.

Miami/Ft. Lauderdale MBEC 2006**ROI: \$94**

Overall, the Miami MBEC had a great year in 2006. In its annual plan, the recipient projected \$29,600,042 in annual secured transactions (\$11,840,017 in Financials and \$17,760,025 in Procurements). The recipient achieved more than 100% of their annual goal. Procurement transactions accounted for more than 300% above their goal at \$60,999,882. Finance transactions reached \$8,807,500 or 74% of their goal.

The Center exceeded goals in Jobs Created, New Clients, Resource Entries, Strategic Partners and Facilitated Matches. The Center maintained some prior success strategies, including posting contact information on the Phoenix-Opportunity Bid system. Once these bids were placed on the MBDA portal and matched, the staff contacted these companies to provide them with all the necessary information to bid. The staff also provided follow-up information to clients who were bidding, seeking partners or needed assistance making local contacts. Other successful strategies included the assistance to large construction companies for bid preparation and the identification of minority subcontractors.

North Carolina Statewide MBEC 2006**ROI: \$197**

The North Carolina Statewide Center had an exceptional year, exceeding transaction goals by 119%. This is attributed to the project's personal interaction with clients and consistent efforts to build client capacity. This intensive relationship did limit the number of new clients. It became difficult to serve a large number of clients and build a quality client base. The Center is expected to increase its clientele base in the upcoming year by adding additional staff that will focus on marketing.

South Carolina Statewide MBEC 2006**ROI: \$97**

During 2006, the South Carolina Statewide MBEC provided direct consulting services to 75 clients. The clientele was successful in securing over \$23.4 million in contracts and financing during the period. Two clients were assisted in securing market opportunities. The South Carolina Center established six strategic partnerships. These relationships were helpful in securing transactions for clients and are expected to reap benefits in the future.

Puerto Rico Islandwide MBEC 2006
ROI: \$129

The Puerto Rico MBEC had a very successful year in 2006. The recipient projected \$23,000,000 in the annual plan. The operator obtained more than 100% of their annual goal. Procurement transactions amounted to more than 250% above their goal. The operator attributes their success to their strong commitment to provide solid business opportunities to SGI level MBEs on a daily basis and the business relationship established with the local banking industry, government agencies and the business community.

The Center exceeded goals in all other categories except new clients. Factors attributed to this include the slow Puerto Rican economy and the fact that some of their clients required more than 200 hours to prepare a feasibility studies, limiting the client level per consultant. The Center also attributes their success, to the great efforts made to participate in specific economic development activities geared to the SGI level audience, including local government, conventions, seminars, and federal government sponsored activities.

Alabama MBOC 2006
ROI: \$513

The Alabama MBOC completed nine (9) months of operation during the year 2006. It was successful in identifying clients who could take advantage of procurement opportunities that led to the creation of new jobs. The MBOC was successful in exceeding its Dollar Value of Contracts goal as well as its Number of Clients and Number of Jobs Created. The MBOC was challenged in the Dollar Value of Financial Transactions category of performance, it achieved a small portion of this goal but continues to seek opportunities to help MBEs increase their access to markets.

Florida MBOC 2006
ROI: \$1,265

The Florida MBOC concentrated on identifying and serving clients who met the requirements of the Strategic Growth Initiative. It was very active in obtaining information on procurement opportunities from public and private sector entities to disseminate to MBEs located throughout the State of Florida. The MBOC understood the value of the Phoenix database as a resource to clients. The majority of the MBEs serviced by the Florida MBOC were certified minority-owned businesses. This reduced the amount of time to qualify a vendor to bid on certain projects.

Chicago National Enterprise Center Performance in FY 2006
Table 12

Chicago National Enterprise Center Performance	M BEC/ NABEC FY 2006 Targets	MBEC/ NABEC Accomplishments (% Goal)	MBOC FY 2006 Targets	MBOC Accomplishments (% Goal)	Chicago Staff FY 2006 Targets	Staff Activity (% Goal)	FY 2006 Performance Totals (% Goal)
*Dollar Value of Contracts	N/A	\$55.4 M	N/A	\$66.6 M	N/A	\$0	\$122 M
*Dollar Value of Financials	N/A	\$28.8 M	N/A	\$75.9 M	N/A	\$31.5	\$136.2 M
*Total Transaction Dollars	\$75.1 M	\$84.2 M (112%)	\$111.9 M	\$142.5 M (127%)	\$35.8 M	\$31.5 M (88%)	\$258.2 M (116%)
Percent Transactions Verified	100%	99%	100%	100%	100%	N/A	100%
Number of Clients	530	347 (66%)	N/A	12	10	3 (30%)	362 (68%)
*Regional Strategic Partnerships	20	15 (75%)	N/A	1	5	0	16 (64%)
*New jobs Created	250	293 (117%)	N/A	0	N/A	N/A	293 (117%)
*Increase in Client Firm Annual Gross Receipts by Calendar Year	5%	+ 24%	N/A	N/A	N/A	N/A	+ 24%
Regional Efficiency Measure Return on Investment (ROI)	\$80	\$90	\$207	\$264	\$32***	\$28***	\$100**
Number of Contracts	N/A	53	N/A	23	N/A	0	76
Number of Financials	N/A	17	N/A	4	N/A	3	24

N/A indicates that targets or data are not available.

*Indicates National Performance Goals.

** Total ROI includes NEC and project expenditures.

*** Staff ROI is based on NEC FTE expenditures.

**Chicago NEC Transactions obtained by size of firms
Reported by MBECs and NABECs in FY 2006**

Table 13

Chicago Clients	No of Contracts	Value of Contracts	Number of Financials	Value of Financials	Total Dollars in Transactions
Clients \$500k and Over	31	\$96.03 M (79%)	11	\$95.28 M (91%)	\$191.31 Million (84%)
Clients Under \$500k	35	\$20.44 M	9	\$9.33 M	\$29.77 Million
Receipts Not Reported	10	\$5.47 M	1	\$0.04 M	\$5.51 Million
Total Identified	76	\$121.94 M	21	\$104.65 M	\$226.59 Million

Chicago SGI clients contributed 84% to NEC transaction dollars. The average size SGI contract was \$3.10 million while the average non-SGI contract award was \$584 thousand.

Chicago Funded Projects in FY 2006

Illinois Statewide MBEC 2006

ROI: \$151

The Illinois Statewide Center attributes its success to its strategy of establishing long-term relationships with its clients rather than solely on transactional relationships. Once the Center establishes a relationship with a client, it allows them to engage the clients, keep in constant contact with them, and look for procurement and financial opportunities. The Center has excellent relationships with procurement sources, both public and private, throughout the State and receives bid opportunities which are disseminated to their clients. The Center also has excellent financial resources that it uses when seeking loans, bonding and other financial assistance for its clients.

Another key strategy that leads to the success of this Center is that its primary focus was on Strategic Growth Initiative (SGI) clients and clients with rapid-growth potential. By doing this, it gave the Center more time to develop and form long-term relationships with companies that could make the greatest impact on job creation and assist the Center in achieving its target goal.

Michigan Statewide MBEC 2006
ROI: \$59

The Michigan MBEC was able to help MBE's in the economically challenged Detroit area in a variety of industries. With the assistance of the MBEC, a minority real estate developer was able to obtain a loan in order to build upscale condominiums. The MBEC was also able to assist a minority transportation provider obtain contracts for more than \$2 million. The staff has secured many solid strategic partners and they continue to work with local organizations such as chambers of commerce, federal, state, and local government agencies, economic development agencies, and major corporations. Also, in response to the down turn in the automotive industry, the center has begun to focus on assisting MBE's by diversifying their business portfolios to include more sectors outside of the automotive arena.

MINNESOTA/IOWA NABEC 2006
ROI: \$116

The Minnesota/Iowa NABEC was able to exceed its Dollar value of Awarded Transactions by 155%, in part, due to its various partnerships. With these partnerships, the NABEC was able to work with Native Americans and other minority firms, both on and near the Ojibwe (Chippewa) Reservation and in the urban areas of Minnesota. The industries served varied from a \$6 million IT/Communications contract to a \$1.8 million construction contract another client was able to secure.

Ohio Statewide MBEC 2006
ROI: \$25

This Project was terminated due to poor performance.

Gary MBOC 2006
ROI: \$602

The Gary MBOC accomplishments can be attributed to market development and outreach activities. During the 2006 performance period, the Gary MBOC hosted Business Opportunity Fairs where they met purchasing representatives from Mittal Steel, AT&T, Gary Sanitary District, Majestic Star Casino, Indiana American Water, Lake County Government and a host of other purchasing representatives.

Two major operational activities led to the MBOC accomplishing and exceeding its goals. One was the introduction by the Northwest Indiana Business Development Council to the corporate buyers at Mittal Steel. By establishing this relationship, the MBOC was able to assist in brokering a deal between Mittal and Promet Energy Company. In addition, because Mittal invited the MBOC to its 2nd Tier supplier training, the MBOC staff was able to establish subsequent relationships with those Mittal suppliers and begin a dialogue about future purchasing needs. The Gary MBOC has continued its relationships with Hunt Construction on the Colt Stadium Project.

Wisconsin MBOC 2006**ROI: \$0.00**

The Wisconsin MBOC (Center) was not able to accomplish any of its targeted goals. The Center was not able to generate any activity or deals that would lead to contracts or financial transactions. The Center had difficulty maintaining the required staff to operate. The failure to maintain the minimum staff ultimately had a negative affect on the overall and long-term performance of the MBOC. The project decided to close.

Chicago MBOC 2006**ROI: \$482**

The Chicago MBOC's accomplishments are attributed to traditional hard work and the leadership of its Executive Director. The Director's knowledge of Chicago-area MBEs and her strong relationships with major corporate and governmental executives was key in bringing MBEs and opportunities together.

The Chicago MBOC initiated many successful programs such as the Mergers and Acquisition Committee. The MBOC team has also held several procurement events that would match MBE's with contract opportunities. The Center staff attended several events and trade fairs, such as the National Minority Supplier Development Council conference in San Diego, where approximately 8,000 persons met and networked with Supplier Diversity Representatives and MBEs. The project also participates with the NEC in various MBE outreach programs and activities.

Dallas National Enterprise Center Performance in FY 2006
Table 14

Dallas National Enterprise Center Performance	M BEC/ NABEC FY 2006 Targets	MBEC/ NABEC Accomplishments (% Goal)	MBOC FY 2006 Targets	MBOC Accomplishments (% Goal)	Dallas Staff FY 2006 Targets	Staff Activity	FY 2006 Performance Totals (% Goal)
*Dollar Value of Contracts	N/A	\$204.8 M	N/A	\$0.7 M	N/A	\$0.3 M	\$205.8 M
*Dollar Value of Financials	N/A	\$46.4 M	N/A	\$0	N/A	\$15.2 M	\$61.6 M
*Total Transaction Dollars	\$194.1 M	\$251.2 M (129%)	\$20.0	\$0.7 M (4%)	\$35.8 M	\$15.5 M (43%)	\$267.4 M (107%)
Percent Transactions Verified	100%	100%	100%	100%	100%	N/A	100%
*Number of Clients	1,622	1,777 (110%)	N/A	13	10	5 (50%)	1,795 (110%)
*Regional Strategic Partnerships	45	22 (49%)	N/A	0	5	54	76 (152%)
*New jobs Created	520	645 (124%)	N/A	0	N/A	N/A	645 (124%)
*Increase in Annual Client Gross Receipts by Calendar Year	5%	- 32%	N/A	N/A	N/A	N/A	- 32%
Regional Efficiency Measure Return on Investment (ROI)	\$91	\$118 (130%)	\$48	\$1.00 (2%)	\$30***	\$13*** (43%)	\$72**
Number of Contracts	N/A	247	N/A	31	N/A	1	279
Number of Financials	N/A	86	N/A	0	N/A	4	90

(N/A indicates that goals were not required)

***Indicates National Performance Goals.**

**** Total ROI includes NEC and project expenditures.**

***** Staff ROI is based on NEC FTE expenditures.**

**Dallas NEC Transactions obtained by size of firms
Reported by MBECs and NABECs in FY 2006**
Table 15

Dallas Clients	No of Contracts	Value of Contracts	Number of Financials	Value of Financials	Total Dollars in Transactions
Clients \$500k and Over	110	\$101.70 M (50%)	21	\$22.54 M (49%)	\$124.24 Million (49%)
Clients Under \$500k	63	\$63.93 M (31%)	47	\$18.86 M (41%)	\$82.79 Million
Receipts Not Reported	105	\$39.79 M	18	\$5.02 M	\$44.81 Million
Total Identified	278	\$205.42 M	86	\$46.42 M	\$251.84 Million

Dallas SGI clients contributed 49% of NEC transaction dollars. The average size SGI contract was \$925 thousand while the average non-SGI contract award was \$1.02 million. This was an exception to the National trend for client awards. This is primarily due to a large number of non-SGI clients served by projects.

Dallas Funded Projects in FY 2006

Dallas/Ft. Worth MBEC 2006
ROI: \$66

The Dallas Fort Worth MBEC is operated by Grijalva & Allen, P.C. In 2006, the center lost an experienced staff and the project director. The center was not been able to maintain its normal performance levels. Intervention strategies by the NEC and a new project director have now turned operations in the right direction.

El Paso MBEC 2006
ROI: \$257

The El Paso MBEC gained success due to the efficiency and management techniques of the operator, NEDA Business Consultants, Inc. Overall performance elements were at an outstanding level. The El Paso MBEC negotiated a teaming arrangement with two firms that was successful in obtaining a \$40 million contract. The staff has the reputation of being the foremost experts in 8(a) certification packaging and has certified 50 percent of its client base into the SBA program. The Center was successful with joint venturing and with mentoring new 8(a) recipients with older established firms. Several large clients assisted the El Paso MBEC to obtain its required goals.

Houston (Supplemental) MBEC 2006
ROI: \$106

The Houston MBEC Supplemental award was tasked to assist minority businesses in New Orleans and Baton Rouge. The Center has counseled over 340 displaced minority firms and assisted 190 firms to prepare and submit application for disaster relief, emergency loans and insurance claims; reconstruct business plans and other key business documents; assisted about 1,127 minority businesses with the identification of procurement opportunities; conducted education and outreach activities reaching more than 4,000 minority businesses. The Center assisted four MBE firms in securing awarded contracts directly effecting the clean up process in New Orleans, Louisiana. The Center became operational within 120 days from the date Hurricane Katrina hit the city. It has since closed.

Houston MBEC 2006
ROI: \$84

The Houston MBEC exceeded all performance areas assisting double the amount of MBE's required and exceeding the dollar value of awarded transactions. The center sponsored several workshops with the assistance of Strategic Partners and helped to start new businesses while expanding several existing businesses. It assisted several firms adversely affected by Hurricane Rita to reestablish their businesses and secure contracts for the clean up and hauling of trees.

New Mexico Statewide MBEC 2006
ROI: \$194

The New Mexico Statewide MBEC achieved success due to the efficiency and management techniques by the operator, NEDA Business Consultants, Inc. The Center certified 50 percent of its client base into the SBA program. The Center was successful with joint venturing and mentoring new 8(a) recipients with older established firms. In addition, the Center is actively involved with two National Laboratories (Sandia and Los Alamos) providing them with a list of qualified MBEs to work on numerous projects. The Center assisted a diverse client base throughout the state of New Mexico.

New Mexico Statewide NABEC 2006
ROI: \$21

The New Mexico Statewide NABEC is operated by The Native American Resource Center. The Center works with the 19 Pueblo's located throughout New Mexico, as well as, the Apache Tribe and the Navajo Nation. The staff has to develop a system for getting their clients to understand the necessity for reporting the number of jobs created. Several goals were not met. The main reason for the low performance was the constant turnover in staff, particularly the project director and business consultant positions. During the three year award period, the Center had six different project directors and four different Business Specialists. This did not allow the staff to develop competency in providing business developments services or help maintain stability in the Center.

North/South Dakota Statewide NABEC 2006**ROI: \$86**

The NABEC is operated by the United Tribes Technical College which employs an experienced staff. The Center exceeded the Dollar Value of Awarded Transactions by working with clients on large projects. The Business Consultants professionally provide assistance to meet the needs of its clients. It strategized and worked with fourteen strategic partners to obtain financing and secure contracts. The Center strived to assist existing business entrepreneurs in both North Dakota and South Dakota.

Oklahoma City MBEC 2006**ROI: \$141**

The Oklahoma City Center's staff aligned itself with elected officials throughout the state and strategized to identify business opportunities for its clients. The Center maintained strategic partnerships with area banks, public-private entities and community-based organizations that provide capital to firms that meet their funding requirements. The operator, Langston University was extended an invitation for renewal in 2007. The Oklahoma MBEC has continued to identify business opportunities for MBEs selected to participate in the both capital development and construction or renovation projects.

Oklahoma Statewide NABEC 2006**ROI: \$67**

The staff is commended for their good efforts in taking care of business and providing excellent service to clients throughout the state of Oklahoma. Although, the Center reported minimal activity at 79% for the fiscal year. A result of continued staff turnover.

San Antonio MBEC 2006**ROI: \$87**

The San Antonio MBEC is operated by the University of Texas at San Antonio (UTSA). The staff continues to strategize and work with its eighteen strategic partners to identify contracts and obtain financings. The MBEC facilitated UTSA's Institute for Economic Development (IED). The Dollar Value of Awarded Transactions was met because of several large and small contracts and bonds. Although there was a project director turnover, the Center managed to accomplish the annual goals. The Center concentrated on assisting SGI clients and did not meet its client goal.

New York NEC Performance in FY 2006
Table 16

New York National Enterprise Center Performance	M BEC/ NABEC FY 2006 Targets	MBEC/ NABEC Accomplishments (% Goal)	MBOC FY 2006 Targets	MBOC Accomplishments (% Goal)	New York Staff FY 2006 Targets	Staff Activity	FY 2006 Performance Totals (% Goal)
*Dollar Value of Contracts	N/A	\$124.2 M	N/A	\$3.8 M	N/A	\$0	\$128 M
*Dollar Value of Financials	N/A	\$94.6 M	N/A	\$ 0	N/A	\$0	\$94.6 M
*Total Transaction Dollars	\$153.8 M	\$218.8 M (142%)	\$68.1	\$3.8 M (6%)	\$35.8 M	\$0	\$222.6 M (86%)
Percent Transactions Verified	100%	99%	100%	0%	100%	N/A	100%
Number of Clients	988	256 (26%)	N/A	3	10	0	259 (26%)
*Regional Strategic Partnerships	30	4 (13%)	N/A	0	5	0	4 (13%)
*New jobs Created	476	640 (135%)	N/A	0	N/A	N/A	640 (135%)
*Increase in Annual Client Gross Receipts by Calendar Year	5%	+ 6.5%	N/A	N/A	N/A	N/A	+ 6.5% (130%)
Regional Efficiency Measure Return on Investment (ROI)	\$87	\$125	\$227	\$13 (6%)	\$23***	\$0***	\$62**
Number of Contracts	N/A	102	N/A	3	N/A	0	105
Number of Financials	N/A	23	N/A	0	N/A	0	23

N/A indicates that goals were not required

*Indicates National Performance Goals.

** Total ROI includes NEC and project expenditures.

*** Staff ROI based on NEC FTE expenditures.

**New York NEC Transactions obtained by size of firms
MBECs and NABECs in FY 2006
Table 17**

New York NEC Clients	No of Contracts	Value of Contracts	Number of Financials	Value of Financials	Total Dollars in Transactions
Clients \$500k and Over	95	\$127.49 M (99%)	8	\$40.18 M (43%)	\$167.67 Million (75%)
Clients Under \$500k	10	\$0.56 M	13	\$24.41 M	\$24.97 Million
Receipts Not Reported	0	\$0.0 M	2	\$30.0 M	\$30.0 Million
Total Identified	105	\$128.05 M	23	\$94.32 M	\$222.64 million

New York SGI clients contributed 75% of NEC transaction dollars. The average size SGI contract was \$1.34 million while the average non-SGI contract award was \$56 thousand.

New York Funded Projects in FY 2006

Manhattan/Bronx/Westchester MBEC 2006

ROI: \$99

The Manhattan/Bronx/Westchester MBEC exceeded its goal with \$28.7M in the value of Awarded Transactions. A significant amount of its annual goals were reached during the first half of FY 2006 despite delays in moving to its new office. The Center's success was due in part to a solid program in processing clients based on relationship building and ample effort invested in long-term clients with measurable deliverables. Although the Center missed its goal for the Number of New Clients, it hosted and participated in many community-based activities and earned a composite 81.59 score in its last quarter in FY 2006.

New Jersey Statewide MBEC 2006

ROI: \$117

The New Jersey Statewide MBEC was successful in 2006 due to intake and counseling of Strategic Growth Initiative clients who helped it exceed a \$25.2M Awarded Transactions goal. Although the Center had a slow start in the first quarter of 2006, the Center exceeded its Jobs Created and Awarded Transactions goals with monthly sales contracts from clients in the apparel and electronics sector. The Center also achieved notable success in securing bonding for construction firms. The Center provided a consistently solid performance of 91.9 due to success in the areas of client development, customized client follow-up, certification, finance, and procurement.

Pennsylvania Statewide MBEC 2006**ROI: \$83**

The Pennsylvania Statewide MBEC got off to a slow start in FY 2006 although the Center achieved an ROI of \$83 and exceeded its goal for Number of Jobs Created by 54. The Center met 13% of its goal for New Clients, and 54% of the Dollar Value of Award Transactions goal. During this period, the staff developed relationships with a consortium of Colleges and Universities. This group eventually became strategic partners that provided a new source of contract opportunities for the Center's clients. Because of these partnerships, the staff was able to satisfactorily accomplish the majority of its performance goals.

Queens/Nassau/Suffolk MBEC 2006**ROI: \$185**

The *Queens/Nassau/Suffolk MBEC* achieved excellence in the area of Value of Awarded Transactions, achieving 212% of its goal. It continued to benefit from strong activity in the public and private construction sectors and its relationships with major Construction Management (CM) firms and agencies. The Center's transactions awarded to its clients resulted in the creation of 107 jobs. The Center fell short of its goal for Number of New Clients. It will continue efforts to attract additional clients that meet MBEC program criteria.

Washington Metro MBEC 2006**ROI: \$156**

The success of the Washington (Metro) MBEC in 2006 was due to the consistency of staff performance. The Center accomplished a ROI of \$156, achieving its Number of Jobs goal and its Dollar Value of Awarded Transactions goal. This strong performance is also attributed to the hiring of a new Project Director whose experience in working with construction contractors has enabled the Center to increase the number of new procurement awards for its clients. With the addition of a new Finance Consultant and continued success in the construction industry, the Center is well positioned to increase its Value of Financial Transactions and increase its client base.

Williamsburg (Brooklyn) MBEC 2006**ROI: \$107**

The Williamsburg New York MBEC performed strongly in 2006, exceeding its awarded transaction goal while also expanding its already impressive amount of strategic partners and outreach activity. Although the Center missed its goals for Number of new Clients and Number of Jobs Created, new clients did increase 39% compared to 2005. The Center scheduled a number of workshops and produced a new MBE directory to expand MBE awareness within the community in 2007.

National Capital MBOC 2006**ROI: \$19**

As a new grantee with a program start date of April 2006, the National Capital Area MBOC missed all of its goals as of the September 30th midpoint. MBDA worked closely with the Center to help achieve success. The Center's performance has improved during the second half of its program year.

San Francisco National Enterprise Center Performance in FY 2006
Table 18

San Francisco National Enterprise Performance	M BEC/ NABEC FY 2006 Targets	MBEC/ NABEC Accomplishments (% Goal)	MBOC FY 2006 Targets	MBOC Accomplishments (% Goal)	San Francisco Staff FY 2006 Targets	Staff Activity	FY 2006 Performance Totals (% Goal)
*Dollar Value of Contracts	N/A	\$155.7 M	N/A	\$57.6 M	N/A	\$82.7 M	\$296 M
*Dollar Value of Financials	N/A	\$53.2 M	N/A	\$10.8 M	N/A	\$2.7 M	\$66.7 M
*Total Transaction Dollars	\$176.1 M	\$208.9 M (119%)	\$68.1 M	\$68.4 M (100%)	\$35.8 M	\$85.4M (239%)	\$362.7 M (130%)
Percent Transactions Verified	100%	99%	100%	100%	100%	100%	100%
*Number of Clients	1,324	551 (42%)	N/A	57	10	5 (50%)	613 (46%)
*Regional Strategic Partnerships	45	9 (20%)	N/A	0	5	52	61 (122%)
*New jobs Created	616	1,047 (170%)	N/A	44	N/A	N/A	1,091 (177%)
*Increase in Client Firm Annual Gross Receipts by Calendar Year	5%	+ 62%	N/A	N/A	N/A	N/A	+ 62% (1,240%)
Regional Efficiency Measure Return on Investment (ROI)	\$84	\$98	\$273	\$228	\$25***	\$60***	\$95
Number of Contracts	N/A	188	N/A	80	N/A	16	284
Number of Financials	N/A	53	N/A	3	N/A	3	59

(N/A indicates that goals were not required)

***Indicates National Performance Goals.**

****Total ROI includes NEC and project expenditures.**

*****Staff ROI based on NEC FTE (staff) expenditures**

**San Francisco NEC Transactions obtained by size of firms
Reported by MBECs and NABECs in FY 2006**

Table 19

San Francisco clients	No of Contracts	Value of Contracts	Number of Financials	Value of Financials	Total Dollars in Transactions
Clients \$500k and Over	127	\$146.87 M (64%)	31	\$58.19 M (91%)	\$205.06 Million (74%)
Clients Under \$500k	113	\$54.48 M (24%)	24	\$4.81 M (8%)	\$59.29 Million
Receipts Not Reported	28	\$11.96 M	1	\$1.02 M	\$12.98 Million
Total Identified	268	\$231.31 M	56	\$64.02 M	\$277.33 Million

San Francisco SGI clients contributed 74% of NEC transaction dollars. The average size SGI contract was \$1.15 million while the average non-SGI contract award was \$482 thousand.

San Francisco Funded Projects in FY 2006

Arizona Statewide MBEC 2006

ROI: \$82

The Arizona Statewide MBEC is destined to be one of the best performing Centers in the MBDA network. During the year, a new Project Director was hired. Because of this transition, overall performance was impacted and they were forced to initiate measures to address shortfalls created in the first half of the award period. With the appointment of the new Project Director, the Center now has a full complement of very capable staff and is on a fast track to achieve all goals and objectives. The AZMBEC has been re-engineered, improving its processes and expanding its network. The Center is participating in the development of a virtual network to leverage resources and reduce redundancies in its business development efforts. The AZMBEC is well-connected politically and is developing powerful relationships in the community. In addition, the Center created opportunities for its clients via seminars, networking and loan packaging services.

Arizona Statewide NABEC 2006**ROI: \$140**

The Arizona Statewide NABEC maintained high Market Promotion momentum throughout FY06. The Center was committed to supporting the Strategic Growth Initiative by working with companies with high growth potential or \$500,000 in annual sales, which for the Native American community poses a unique challenge because many of the Native American businesses would be classified as small. The Center struggled in the middle of the fiscal year, due to the need to replace the Project Director, who had resigned. However, with the assistance of an intervention plan, the AZNABEC continued to be successful in introducing clients to tribes, corporations and other government entities looking for Native American Vendors. As a result, there were significant transactions processed into the pipeline scheduled to close in 2007. The Center continued to struggle to meet such goals as new clients. The Center is committed to using new approaches, including out-of-area clients.

California Statewide NABEC 2006**ROI: \$219**

The California NABEC focuses its efforts on a balanced approach for business and market development by assisting clients in increasing their professional networks, internal capabilities, and knowledge regarding public and private contacting opportunities, programs, and procedures. This includes assisting clients in obtaining applicable certifications, especially 8(a) certification; and identifying contracting opportunities. Through an automated bid matching system utilized by the Project Operator, local, state and federal opportunities were disseminated on a regular basis. This was a very successful system producing over 5,400 matches and multimillion dollar contract awards. This past year the CANABEC had challenges as a result of having the Project Director leave on temporary disability. Through effective management by the Operator and the Acting Project Director, the Center was able to achieve its overall goals and objectives.

Honolulu MBEC 2006**ROI: \$125**

The Honolulu MBEC and its staff were able to produce positive results for the year 2006. This was the direct result of the quality of its staff and their cooperation with the SFNEC. The Center invested considerable time working with resources recommended by the SFNEC. The main factor of the Project's success was working with clients to tap into the federal procurement activity occurring on the island. Secondly, the Center sought out private opportunities to augment the federal bid opportunities. The challenge in this market continues to be Client development of SGI classified companies. Providing a wider variety of services has benefited the MBE Client base and increased positive results.

Inland Empire MBEC 2006
ROI: \$14

The Inland Empire MBEC generated its performance predominantly through the “increased sales” category. The Center, located south of Los Angeles in Riverside, CA., took advantage of its location to recruit SGI clients from a whole array of local industries and businesses like restaurants, car dealerships, professional services, etc. One of its clients earned the national award for “Manufacturing Firm of the Year” at MED Week 2006. Another client has created joint ventures to participate in the Katrina rebuilding effort. The Center performed well, in terms of its overall measure: the \$ value of awarded transactions was a 114% of its goal. However, it has struggled with meeting its goals for clients. The Center is committed to using new approaches, including accepting start-ups that show promise of rapid growth.

Los Angeles Metro MBEC 2006
ROI: \$93

The LA Metro MBEC was very proactive in its business development efforts throughout FY 06. The Center followed up on its new and innovative model to meet and exceed the MBDA goals and objectives developed for FY05. This led the Center to formalize its relationships with its strategic partners including the Los Angeles Unified School District and the USC Marshall School of Business. The Center utilized its new model for client service that relies on a core team and extended team concept. This resulted in a number of value added services provided including, business training, certification and effective match making. The Center has continued to obtain very competitive financing for clients through SFNEC banking relationships. LA Metro MBDC participated in a number of innovative projects in support of MBDA transformation efforts. One example was the participation in the USC Small Business Development Office Vendor Fair, which targeted high growth companies. Through its active participation in securing new clients and assisting its clients, it exceeded its 2006 Annual goal of \$30,273,967 in dollar value of financial and procurement awards by 106%.

Northwest NABEC 2006
ROI: \$63

The Northwest NABEC continued to focus its efforts on marketing development and working with clients in identifying substantial procurement opportunities in Fiscal Year 2006. These elements produced good performance results in both financing and construction contracting. Through the Center’s active participation in securing growing companies, it accomplished \$12.1 million or 85% of its goal of \$14.1 million in Dollar Value of Transactions. The Center’s marketing efforts fell short of securing new clients and creating new jobs for its clients. This Center was successful in utilizing its teaming efforts with MBE’s by seeking new awards for some of its smaller MBE clients, which had good growth prospects by the end of period under review.

Washington Statewide MBEC 2006
ROI: \$67

The Washington Statewide MBEC is operated by a Community Development Corporation (CDC), which has strong business connection in the Northwest financial community, allowing it access to various funding sources for short terms loans. However this did not translate in the Center meeting its Financial Transactions goal for FY 2006. The Center has profited from the success of the Operator's community outreach efforts. These efforts yielded clients that come into the office where the Center leveraged its partnership with the CDC and the financial community. This approach worked well for the Center, resulting in accomplishing \$14.1 million or 94.0% of its 2006 goal in Dollar Value of Transactions.

Los Angeles MBOC
ROI: \$303

In April of 2006 the City of Los Angeles began the first year of the new Los Angeles MBOC program. The initial startup of the Center was impacted by the new policies and procedures put into place by the new Mayor of Los Angeles and his transition team. There were many challenges that were faced by the LAMBOC staff in achieving both the compliance and performance goals as required by MBDA. During the first six months of operation of the LAMBOC, the project was performing below the satisfactory level. An assistance plan was developed by the end of the FY 2006 to ensure that the Center's first year of operation would conclude on a positive note. The results offered justification to recommend renewal for FY 2007.

Appendix

Targets for MBDA Performance Measures in FY 2007
National Enterprise Centers and Headquarters/Internet Portal
Table 20

National Performance Measures	Atlanta NEC	Chicago NEC	Dallas NEC	New York NEC	San Francisco NEC	Hdqs. / Portal	National FY 2007 MBDA Targets
*New Jobs created	375	375	475	400	425	N/A	2,050
*Increase in Client Gross Receipts	5%	5%	5%	5%	5%	N/A	5%
*Customer Satisfaction Index	+3%	+3%	+3%	+3%	+3%	+3%	+3%
*Dollars in Contract Awards	\$120.6 M	\$133.6 M	\$175.0 M	\$156.7 M	\$150.5 M	N/A	\$735.4 Million
*Financial Award Transactions	\$71.9 M	\$61.4 M	\$74.8 M	\$75.2 M	\$82.9 M	N/A	\$366.2 M Million
Staff Transactions (mixed)	\$35.8 M	\$35.8 M	\$35.8 M	\$35.8 M	\$35.8 M	\$35.8 M	214.8 M
Total Transaction Dollars	\$228.3 M	\$230.8 M	\$285.6 M	\$267.7 M	\$269.2 M	\$35.8 M	\$1.316 Billion
National and Regional Partnerships	40	45	45	45	45	N/A	220
Projects/Staff Budget (est.)	\$3.957 M	\$3.349 M	\$4.507 M	\$4.462 M	\$4.614 M	\$8.81 M	\$30.0 Million *
ROIs (est.)	\$58	\$69	\$63	\$60	\$58	\$4	\$44

*The MBDA Budget appropriation for FY 2007 is set at \$30.0 million, no change from FY 2006.
 MBDA has not reduced any targets but has increased estimates for job creation and partnerships in 2007.
 The ROI has also been targeted for \$44, but is projected to exceed \$50.

The MBDA Efficiency Measure

The MBDA Efficiency measure reflects the **Return on the Agency Investment (ROAI)** identified in the budget allocation for the fiscal year. In FY 2006, MBDA's total budget was \$30 million. The ROAI represents the total dollars in award transactions (contracts and financings) obtained for clients divided by the total agency budget allocation (\$30 million). **Therefore, in FY 2006, the ROAI was \$53 for every dollar allocated. This represents a 23% increase above the projected target of \$43.** Likewise, MBDA uses this formula to calculate the ROI for each National Enterprise Center (NEC) as well as each project. This has become a good measurement to ensure that the program money being spent is achieving results. Agency management and staff are making every effort to improve organizational effectiveness and deliver quality services to the minority business community.

Long-term Performance Measure

MBDA identified **the cumulative increase in award transactions and new job creation** as its primary long-term measures. Although reaching parity with the minority population is a long-term vision, assisting clients to obtain new award opportunities will increase receipts allowing MBEs to hire more employees, creating new jobs. This measure is supported by the **MBDA Strategic Growth Initiative** and the **Summary of Business Owners** prepared by the Census Bureau every 5 years. The Census report shows the growth of all minority firms compared to all U.S. firms. In the 2002 report, minority firms have increased 35%. (See Chart 5 on page 54) This report will measure the impact MBEs have on economic development in the U.S. In FY 2006, seventy-five percent of all transactions obtained by the agency went to SGI firms. MBDA expects to show a cumulative total of \$30 billion in transactions and 30,000 new jobs created by 2020.

Project Effectiveness Measure

MBDA reviews the status of its funded projects on a weekly basis. Electronic reports are available for project monitors and senior managers to review the progress of each funded organization. Quarterly Desk assessments and semi-annual evaluation reports are conducted to track progress and verify reported performance activity. Projects that fall behind and are not meeting goals receive intervention support and assistance by NEC staff. A project rating system is mandated by the Federal Funding Opportunity notice. Each project receives an annual calendar year rating. Projects that cannot maintain a satisfactory rating (80% score) can be terminated and the project readvertised. In 2006, approximately 7 out of 41 projects (17%) did not meet a satisfactory rating. Four projects were terminated and readvertised for funding.

MBDA Accomplishments during the George W. Bush Administration
Table 21

Performance Measures	FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004 Actual	FY 2005 Actual	FY 2006 Actual	FY 2007 Targets
Total Number of Clients receiving services	new	5,600	7,647	29,583	18,500	20,223	Retired
Number of Contract awards obtained	New	New	3,492	2,475	2,257	913	Retired
Dollar value of Contract awards obtained	\$1.6B	\$1.3B	\$.7B	\$1.0B	\$1.07 B	\$1.171 B	\$850 M
Number of Financial Awards obtained	1,155	1,512	539	679	483	275	Retired
Dollar Value of Financial Awards obtained	\$.6B	\$.4B	\$.4B	\$.6B	\$.602B	\$407 M	\$450 M
Number of employee training hours	New	9,817	9,874	7,446	7,175	4,560	Retired
Number of National and Regional Strategic Partnerships	New	6	6	231	231	231	Retired
Number of New Jobs Created	New	New	New	New	2,270	4,254	2,050
Percent Increase in Client Gross Receipts	New	New	New	New	+30%	6.2%	5%
Percent Increase in American Customer Satisfaction Index	New	New	57	N/A	+13% (68)	N/A	3% (70)

(N/A indicates goals that were retired or not required that year)

The Bush Administration actively promoted performance results through the President's Management Agenda (PMA) and the Government Performance and Results Act (GPRA). MBDA successfully integrated Budget and Performance activities to show that dollars spent equals outcomes and results. Decisions by MBDA senior management have improved efficiency of operations and demonstrated outstanding accomplishments during the last six years.

MBDA Assistance by State in FY 2006
As Reported by MBECs, NABECs and MBOCs
Table 22

State	NEC Region	MBEs Assisted	Hours of Assistance	# Financings	\$ Financings	# Contracts	\$ Contracts	Total Dollars	Jobs Created
Alabama	Atlanta	8	56	0	\$ 0.00 M	9	\$ 51.06 M	\$ 51.06 M	5
Alaska	San Francisco	8	276	0	\$ 0.00 M	0	\$ 0.00 M	\$ 0.00 M	0
Arizona	San Francisco	121	1,675	7	\$ 15.29 M	24	\$ 39.55 M	\$ 54.84 M	419
Arkansas	Dallas	4	115	0	\$ 0.00 M	1	\$ 2.06 M	\$ 2.06 M	0
California	San Francisco	357	3,394	20	\$ 36.57 M	185	\$ 136.23 M	\$ 172.80 M	504
Colorado	Dallas	1	1	0	\$ 0.00 M	0	\$ 0.00 M	\$ 0.00 M	0
District of Columbia	New York	10	151	1	\$ 0.31 M	0	\$ 0.00 M	\$ 0.31 M	0
Florida	Atlanta	193	2,200	12	\$ 7.15 M	32	\$ 191.14 M	\$ 198.29 M	260
Georgia	Atlanta	65	749	7	\$ 4.50 M	13	\$ 8.61 M	\$ 13.11 M	163
Hawaii	San Francisco	73	1,509	16	\$ 9.07 M	40	\$ 21.46 M	\$ 30.53 M	84
Idaho	San Francisco	2	12	0	\$ 0.00 M	1	\$ 1.73 M	\$ 1.73 M	0
Illinois	Chicago	80	751	8	\$ 93.40 M	15	\$ 90.30 M	\$ 183.70 M	149
Indiana	Chicago	30	73	2	\$ 0.51 M	18	\$ 3.08 M	\$ 3.59 M	0
Kansas	Chicago	2	10	0	\$ 0.00 M	0	\$ 0.00 M	\$ 0.00 M	0
Louisiana	Dallas	54	718	0	\$ 0.00 M	1	\$ 2.09 M	\$ 2.09 M	0
Maryland	New York	16	631	2	\$ 4.50 M	5	\$ 1.40 M	\$ 5.90 M	0
Michigan	Chicago	46	826	5	\$ 10.17 M	8	\$ 4.11 M	\$ 14.28 M	117
Minnesota	Chicago	97	1,852	3	\$ 0.12 M	14	\$ 18.44 M	\$ 18.56 M	0
Missouri	Chicago	2	7	0	\$ 0.00 M	0	\$ 0.00 M	\$ 0.00 M	0
Montana	Dallas	2	3	0	\$ 0.00 M	0	\$ 0.00 M	\$ 0.00 M	0
Nevada	San Francisco	3	51	0	\$ 0.00 M	0	\$ 0.00 M	\$ 0.00 M	0
New Jersey	New York	12	75	2	\$ 30.00 M	2	\$ 0.00 M	\$ 30.00 M	75
New Mexico	Dallas	252	4,165	19	\$ 12.55 M	27	\$ 39.05 M	\$ 51.60 M	241
New York	New York	192	581	17	\$ 59.29 M	83	\$ 60.57 M	\$ 119.85 M	184
North Carolina	Atlanta	302	2,829	30	\$ 5.02 M	67	\$ 43.38 M	\$ 48.40 M	900
North Dakota	Dallas	44	748	3	\$ 3.48 M	17	\$ 9.80 M	\$ 13.29 M	50
Ohio	Chicago	127	278	2	\$ 0.09 M	21	\$ 6.01 M	\$ 6.10 M	27
Oklahoma	Dallas	259	5,481	12	\$ 2.50 M	104	\$ 29.19 M	\$ 31.69 M	171
Oregon	San Francisco	7	71	0	\$ 0.00 M	4	\$ 1.76 M	\$ 1.76 M	18

State	NEC Region	MBEs Assisted	Hours of Assistance	# Financings	\$ Financings	# Contracts	\$ Contracts	Total Dollars	Jobs Created
Pennsylvania	New York	20	191	1	\$ 0.50 M	7	\$ 23.39 M	\$ 23.89 M	80
Puerto Rico	Atlanta	130	2,892	23	\$ 15.27 M	31	\$ 15.82 M	\$ 31.09 M	209
South Carolina	Atlanta	77	679	1	\$ 2.00 M	4	\$ 23.41 M	\$ 25.41 M	50
South Dakota	Dallas	18	229	0	\$ 0.00 M	0	\$ 0.00 M	\$ 0.00 M	0
Tennessee	Atlanta	2	8	0	\$ 0.00 M	3	\$ 0.12 M	\$ 0.12 M	0
Texas	Dallas	1148	9,478	52	\$ 27.88 M	129	\$ 125.29 M	\$ 153.16 M	181
Utah	Dallas	1	1	0	\$ 0.00 M	0	\$ 0.00 M	\$ 0.00 M	0
Virginia	New York	12	334	0	\$ 0.00 M	8	\$ 42.69 M	\$ 42.69 M	301
Washington	San Francisco	63	742	14	\$ 3.47 M	13	\$ 10.51 M	\$ 13.98 M	66
Wisconsin	Chicago	2	41	0	\$ 0.00 M	0	\$ 0.00 M	\$ 0.00 M	0

The above table reflects clients receiving assistance from MBDA's funded projects during FY 2006. Unfortunately, it does not reflect over 15,000 MBEs from throughout the country assisted by the Internet Portal tools. Also, the agency regions and district offices often refer clients to other resources and partners to obtain services. Clients that do not have a local MBDA project but perform business in multiple states often call a MBEC, NABEC or MBOC to obtain an opportunity and assistance in another state. This is true of many MBE firms that attended the MBDA B2B events in the Gulf Region or matchmaking conferences sponsored by MBDA. The Gulf States of Louisiana, Mississippi, Alabama and Florida together obtained \$251.44 million in transaction awards from MBDA services. Clients in the states of Illinois, California, Texas, Florida and New York received the most financings and contract awards combined. These states also have the largest minority population. The states of North Carolina, California, Arizona, Florida and Virginia showed the most new jobs created during the year as a result of MBDA services.

The State of Minority Business Enterprises
Total Firms, Total Gross Receipts and Total Paid Employees
(1997 – 2002)

Table 23

Group	Year	Number of Firms	% Change	Gross Receipts (\$1,000)	% Change	Number of Employees	% Change
African American	2002	1,197,661	45%	\$88,779,041	25%	756,697	5%
	1997	823,499		\$71,214,662		718,341	
American Indian and Alaska Native	2002	201,387	N/A	\$26,872,947	N/A	191,270	N/A
	1997	197,300		\$34,343,907		298,661	
Asian	2002	1,104,189	24%	\$326,352,983	8%	2,212,813	2%
	1997	893,590		\$302,794,624		2,169,033	
Hispanic	2002	1,573,600	31%	\$221,976,823	19%	1,537,801	11%
	1997	1,199,896		\$186,274,582		1,388,746	
Native Hawaiian and Other Pacific Islander	2002	28,948	49%	\$4,279,591	3%	29,319	-14%
	1997	19,370		\$4,138,358		34,047	
All Minority	2002	4,105,785	35%	\$668,261,385	13%	4,727,900	5%
	1997	3,039,033		\$591,259,123		4,514,699	
Non-Minority Firms	2002	18,374,647	6%	\$8,125,089,776	4%	50,699,892	-7%
	1997	17,401,382		\$7,800,742,138		54,386,713	
Classifiable Firms (Minority + Non-Minority)	2002	22,480,432	10%	\$8,793,351,161	5%	55,427,7	-6%
	1997	20,440,415		\$8,392,001,261		58,901,4	
All U.S. Firms, includes publicly held	2002	22,974,685	10%	\$22,627,167,224	22%	110,786,4	7%
	1997	20,821,934		\$18,553,243,047		103,359,8	

Data provided by the U.S. Census Bureau, 2002 Survey of Business Owners.

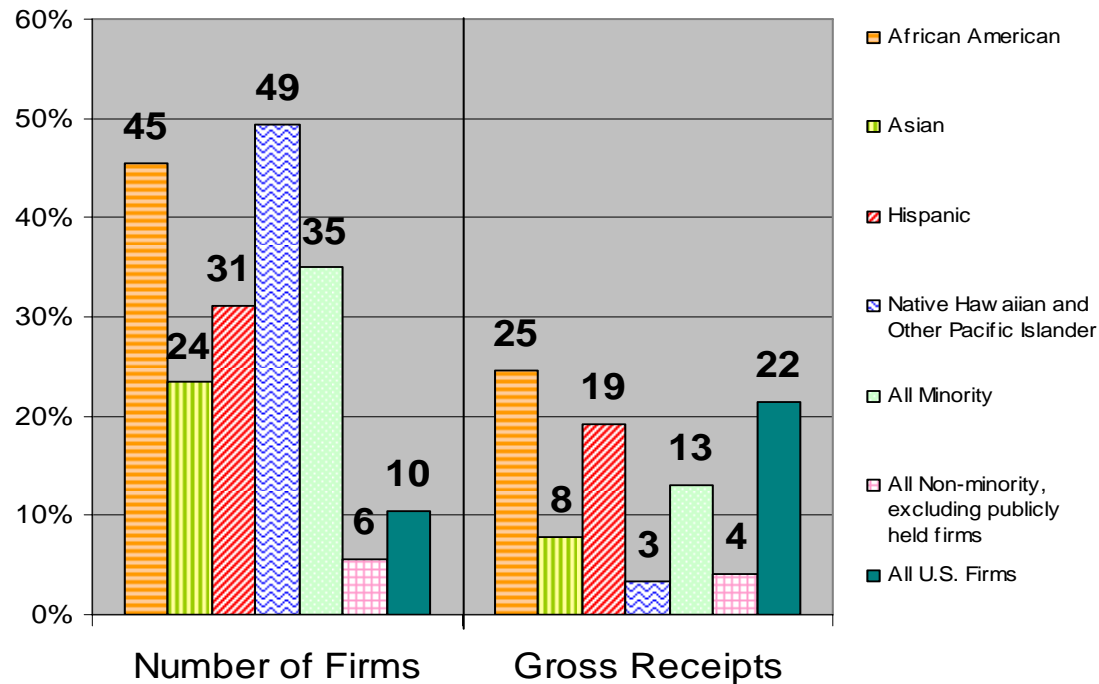
N/A Native Americans were calculated differently in FY 2002

The above table and chart below show the growth and development of minority-owned firms by ethnic group from 1997 to 2002. Final data was released by Census in August 2006. This presents each major minority group showing the increase in total firms, gross receipts, and paid employees.

Minority firms grew by 35% in the five year period, while non-minority firms grew just 6%. This tells us that minority business is on a fast growth pattern. Likewise, MBE gross receipts increased 13% while non-minority receipts increased just 4%. Finally, employees in MBE firms increased 5% while employees in non-minority firms showed a minus 7% in employment.

Despite this substantial progress, MBEs continue to be proportionately underrepresented in their number of firms, employment and gross receipts compared to the total minority population percentages. This reflects MBDA's long-range plan to attain Entrepreneurial Parity for MBEs in the future.

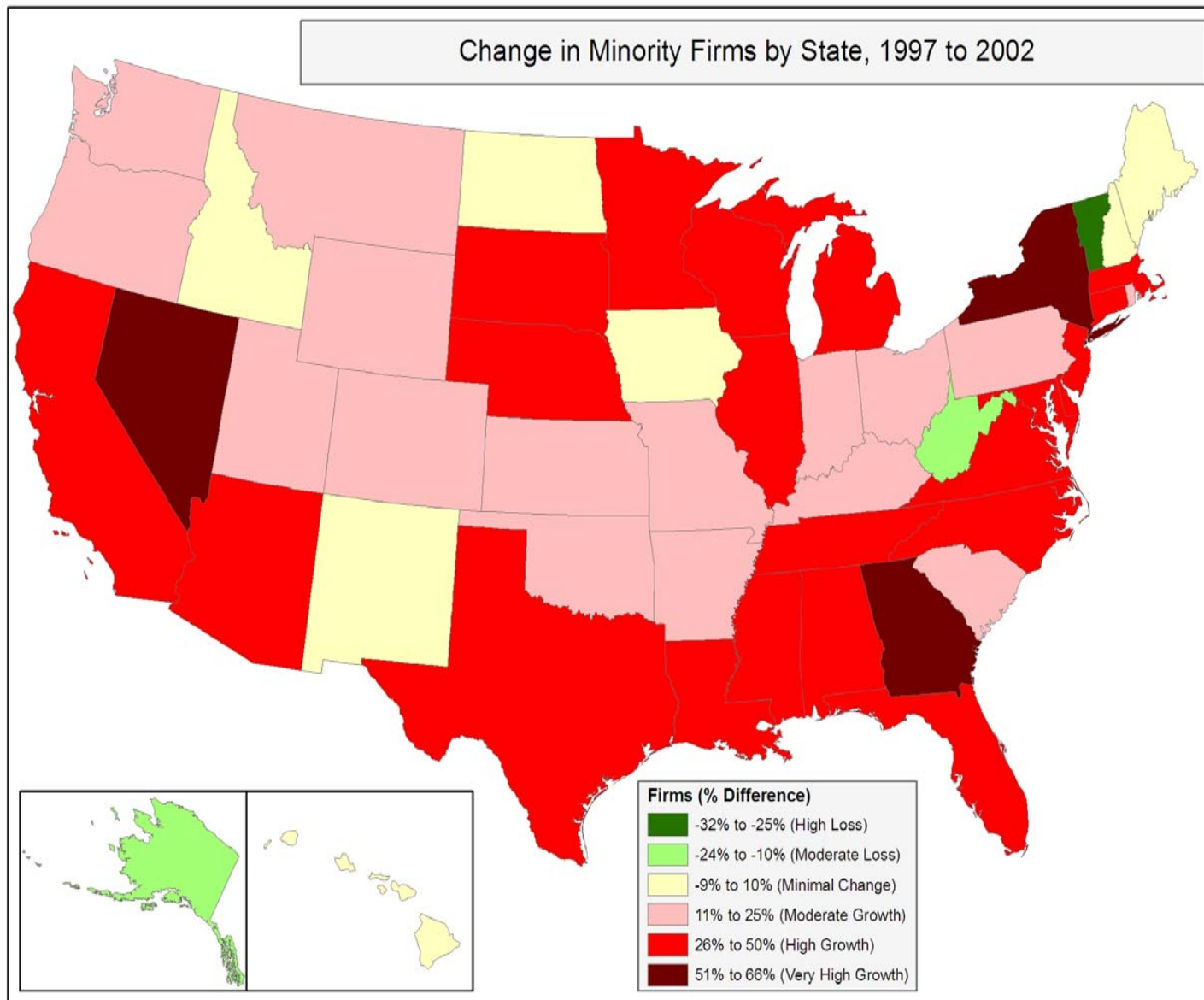
Change in Number of Firms and Gross Receipts
SBO Report as of 2002
Chart 5



(Chart prepared by the MBDA Office of Business Development)

African American firms showed the largest increase of 45%, while Hispanic firms grew 31%. Likewise, these same two groups showed the largest increase in firm gross receipts. Asian Americans and Asian Pacific Islanders were separated by the Census for this survey but showed substantial growth. MBDA normally groups them together for program services. The next **Survey of Business Owners** will begin in 2007 with final data to be released in 2010.

U.S. Map showing Change in Concentration of Minority Firms by State, 2002
Map 2



The States of Nevada, New York and Georgia showed a very high MBE growth rate in 2002.